

**HEARING FOR THE PURPOSE OF RECEIVING  
TESTIMONY FROM THE HONORABLE  
THOMAS J. VILSACK, SECRETARY, U.S.  
DEPARTMENT OF AGRICULTURE**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON AGRICULTURE**  
**HOUSE OF REPRESENTATIVES**  
ONE HUNDRED EIGHTEENTH CONGRESS

SECOND SESSION

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**WEDNESDAY, FEBRUARY 14, 2024**

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

The Committee met, pursuant to call, at 10:00 a.m., Room 1300, Longworth House Office Building, Hon. Glenn Thompson [Chairman of the Committee] presiding.

Present: Representatives Thompson, Lucas, Austin Scott of Georgia, Crawford, DesJarlais, LaMalfa, Rouzer, Kelly, Bacon, Johnson, Baird, Mann, Feenstra, Miller of Illinois, Moore, Cammack, Finstad, Rose, Molinaro, De La Cruz, Langworthy, Duarte, Nunn, Alford, Van Orden, Chavez-DeRemer, Miller of Ohio, David Scott of Georgia, Costa, McGovern, Adams, Spanberger, Hayes, Brown, Davids of Kansas, Slotkin, Caraveo, Salinas, Perez, Davis of North Carolina, Tokuda, Budzinski, Sorensen, Vasquez, Crockett, Jackson of Illinois, Pingree, Carbajal, Craig, Soto, and Bishop.

Staff Present: Justin Benavidez, Parish Braden, Halee Fisher, Tim Fitzgerald, Benjamin Goldey, Justina Graff, Harlea Hoelscher, Josh Maxwell, Samuel Rogers, Patricia Straughn, Chris Stottmann, Jennifer Tiller, Erin Wilson, John Konya, Kate Fink, Anetra Harbor, Ashley Smith, Michael Stein, Katherine Stewart, and Dana Sandman.

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

The CHAIRMAN. Good morning, everyone. The Committee will come to order. After brief opening remarks, Members will receive testimony from our witness today, and then the hearing will be open to questions.

Good morning once again, and welcome to today's hearing to receive testimony from the Secretary of Agriculture. I thank my colleagues for participating and my friend, Secretary Vilsack, for his time. We have a lengthy hearing ahead of us, so I will be brief in my remarks.

For nearly 3 years, I have traveled across the country to hear from farmers, ranchers, foresters, rural communities, and everyday consumers. Many, many of our colleagues on both sides of the aisle have joined me for those travels. The message that we have heard from those folks was very clear. They need the government to work

for them, not against them. These men and women have struggled with fractured supply chains, considerable input costs, relentless inflation, natural disasters, volatile markets, and labor shortages, each consistently worsened by ill-conceived half-baked Executive action.

In what seemingly is a daily occurrence, taxpayer dollars are being sent to every corner of the country, yet nothing has changed. We are not producing more fertilizer. We are not reducing the cost of production. We are not making food more affordable. However, we are burdening the taxpayer. We are losing ground on the world stage, and we are a net agricultural importer. We are less independent, less resilient, and less competitive.

Now, the farm bill is the best opportunity that exists to course-correct. Now, I have been clear in my intent. Congress can and must craft a bipartisan farm bill that aligns the farm safety net with the needs of producers, expands market access and trade promotion opportunities, strengthens program operations to demand transparency and accountability to the taxpayers, and helping our neighbors in need, but doing so without indiscriminate expansion of our nutrition safety net.

However, there remain significant headwinds to Congress' success. It is virtually impossible to create a robust and resilient farm safety net without significant investment. Considerable opportunities exist within our jurisdiction to not only fund the safety net, but fund a substantial number of shared bipartisan priorities. And I continue to implore my Democratic colleagues to think in earnest about these priorities, priorities that can be funded without cutting a SNAP benefit or eliminating the important conservation programs that we have all come to appreciate.

Washington, D.C. is filled with rhetoric and armchair pundits. People go out of their way to work against you. Folks think a farm bill is impossible, that politics will prevail over good policy, that the dysfunction surrounding us has consumed us. Every comment intensifies my commitment to the American farmer. I am on your side, I am your champion, and I will never stop fighting for you.

[The prepared statement of Mr. Thompson follows:]

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

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access and trade promotion opportunities, strengthens program operations to demand transparency and accountability to the taxpayer, and reinforces not only the importance of helping our neighbors in need, but doing so without indiscriminate expansion of our nutrition safety net.

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Every comment intensifies my commitment to the American farmer: I am on your side. I am your champion. And I will never stop fighting for you.

The CHAIRMAN. And with that, I yield to my good friend and distinguished Ranking Member, Mr. Scott.

**OPENING STATEMENT OF HON. DAVID SCOTT, A  
REPRESENTATIVE IN CONGRESS FROM GEORGIA**

Mr. DAVID SCOTT of Georgia. Well, thank you, Mr. Chairman, for holding this hearing today. And I certainly welcome our distinguished Secretary Vilsack. The very last time that Secretary Vilsack sat before this Committee as a witness in March of last year, I spoke of beginning the farm bill process in earnest. Now, nearly a year later, we are still working towards our shared goal of passing a strong, effective, and bipartisan farm bill. And I hope that the testimony of Secretary Vilsack will provide our Committee with the help in getting us closer to that shared goal.

Changes in Republican leadership, potential government shut-downs, and the inability to pass the agriculture appropriations bill have each injected uncertainty into this process and, unfortunately, slowed our work. I do not envy you, Mr. Chairman. You are doing what you can to navigate these turbulent waters. And I want to give you credit. You have continued to meet and discuss policy priorities with me, with our House Agriculture Democrats, and our staff, and we appreciate that. To aid these efforts and reinforce that House Democrats want to get a farm bill done, we published our farm bill priorities and our principles last week. Our principles should not surprise anyone who has been following the work of this Committee.

Our principles are this. We want to reduce hunger. Hunger is a serious problem in our nation. And we want to strengthen our American farmers. We are losing farms, particularly family farms, at a staggering rate. We want to invest in sustainable agriculture, revitalize rural America, lower costs for farmers and families, and improve equity. I know we can do this by working together because I know, Mr. Chairman, we have been together for quite a while on this Committee. And I know you care just as much as I do about our nation's farmers. And we work together on that, have been working together on that for many years. And I know we can do this by working together.

So let's put aside, first and foremost, this proposal to cut SNAP benefits. Whether you call it a cut or a reduction of future benefits, Democrats oppose it. We will not cut SNAP. Now, I understand that my Republican colleagues are concerned about spending. Let

me make a few points here. At least you are concerned about spending when it comes to SNAP. But because the economy has improved, benefits and need for the program has decreased. The CBO is now expecting SNAP to cost \$67 billion less over the next decade than originally expected. That is important as we go into this negotiation.

Let's also put aside the proposal to take IRA (Pub. L. 117-169) conservation or energy funding away from its intended purpose. Robbing Peter to pay Paul is not going to result in an effective farm bill. These IRA programs are oversubscribed, so we should not take funding from them to pay for other farm bill priorities. We Democrats feel strongly about this.

So let me close by saying that we do want a bipartisan bill. We want to see our bipartisan priorities funded, but we need to continue the funding process. We in agriculture need more funding, but we need also to continue to work together to find that funding. Over the past 20 years, bipartisan farm bills have succeeded when Republicans and Democratic leadership made the farm bill a priority and provided outside resources to the Agriculture Committee.

I look forward to hearing from you, Mr. Secretary, and to working with my colleagues and my good friend, Chairman Thompson on building a bipartisan bill that strengthens our safety net programs for our farmers and the hungry families they feed. It is a tall task, but we are up to accomplishing it, and we can do it together.

And please pardon my cold. I yield back.

The CHAIRMAN. I thank the gentleman.

The chair would request that other Members submit their opening statements for the record so our witness can begin his testimony and to ensure that there is ample time for questions.

I am very, very pleased to welcome back to the Committee our witness for today, USDA Secretary Tom Vilsack. Mr. Secretary, thank you for joining us. We are now going to proceed your testimony. You will have 5 minutes. The timer in front of you will count down to zero, at which point your time has expired.

Secretary Vilsack, please begin when you are ready.

**STATEMENT OF THOMAS "TOM" J. VILSACK, SECRETARY, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.**

Secretary VILSACK. Mr. Chairman, thank you very much to you and to the Ranking Member, Representative Scott. Thank you for the opportunity to be here today, And thanks to all Members of this Committee for their service.

Mr. Chairman, I read with interest a recent article that you published in AGRI-PULSE titled, *It's Time to get Serious about Revitalizing Rural America*. Your opening comments today summarized that article.

I thought it would be helpful to perhaps put in context some of the information that I have that suggests that we are in fact serious about revitalizing rural America. First of all, let me begin by indicating that the last 3 years of net cash farm income were record-setting, the best 3 years in the last 50 years in this country. This year's income projected at just below historical norms will make it the best 4 years in recent history. It has also allowed for



our farmers to have significant liquidity as they deal with challenging times.

Our rural unemployment rate is now at a lowest rate in 35 years. Our rural employment has returned to pre-pandemic levels, and the clean energy jobs are helping to lead the way rural poverty is down. And in fact, in 55 counties that historically were persistently poor are no longer in that category because of activities and work being done in those counties to improve economic opportunity.

For the first time in 10 years, rural populations have grown, more people coming into rural America than leaving. Real wage growth in 2023 exceeds inflation by nearly two percent. And speaking of inflation and food inflation, it is headed down. Grocery store price inflation year over year is at 1.3 percent, the lowest it has been since 2021. And our Economic Research Service predicts that food-at-home prices will in fact decrease in 2024.

I have several concerns that I want to share with the Committee. They have to do with the loss of farmers and farms, the loss of farmland, and the heavy concentration of farm income. In 1981, then-Secretary Bob Bergland raised concerns about the efforts and focus on production and its impact on the number of farms in this country. Since he raised that warning in 1981, we have lost 536,543 farms. We have lost over 165 million acres of farmland. Now, to give you a sense of how many farmers that is, that is every farmer today in South Dakota, North Dakota, Minnesota, Wisconsin, Illinois, Iowa, Nebraska, Colorado, Oklahoma, and Missouri. The farmland represents all the landmass of Florida, Georgia, North Carolina, South Carolina, Maryland, and almost all of Virginia.

Farm income has been extraordinarily concentrated with the top seven percent of farms, those who generate more than \$500,000 in sales on an annual basis over the last 5 years getting 85 percent of the income, which meant that 93 percent of farms, nearly two million farms, had to share 15 percent. These are serious issues, and I think it is important for us to reset the notion that the only option in American agriculture is to get big or get out. It is time for us to do better for our small- and mid-sized farming operations, those 93 percent that share 15 percent of income that are surviving for the most part by taking a second job.

I think we need to create for our farm families ways in which the farm, not the farmer, can create additional income. More new and better market opportunities and more income streams is a strategy that we are investing in at USDA, climate-smart agriculture and forestry commodities providing a value-added opportunity, as well as participation in ecosystem markets, a new income stream for farms; sustainable aviation fuel and other bioproduct manufacturing from agricultural waste, creating another commodity opportunity; renewable energy production not only to lower costs, but also to assist rural electric cooperatives as they transition from fossil fuel-based generation; new competitive meat and poultry markets with over 400 investments already being made.

And speaking of fertilizer, as you did in your comments, Mr. Chairman, I need to tell you that in four states we are in fact producing more fertilizer in Florida, Missouri, Alabama, and Montana.

There are 40 projects that we have invested in, construction under-way in the other 36, and there will be more coming.

So, Mr. Chairman, I acknowledge the importance of the farm bill, but I think we also need a budget. We need the ability to utilize the Commodity Credit Corporation with flexibility, and we need to preserve the Inflation Reduction Act conservation funding. All of these are valuable tools in order to continue the momentum that has been building for markets, jobs, and better income for rural Americans and for our farm families.

[The prepared statement of Secretary Vilsack follows:]

PREPARED STATEMENT OF HON. THOMAS "TOM" J. VILSACK, SECRETARY, U.S.  
DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Thank you, Chairman Thompson, Ranking Member Scott, and Members of the Committee for the opportunity to come before you today to provide an update on the state of rural America, and the work the U.S. Department of Agriculture (USDA) has been doing over the past 3 years of the Biden-Harris Administration.

USDA's work touches every community, and nearly every landscape, across the entire country. The People's Department provides safety nets to farmers, nutrition assistance to some of our country's most vulnerable citizens, support for renewable clean energy, firefighters to keep our communities safe, food safety inspections—and much, much more. It is an honor to lead this department, and I am excited to share with you some of the progress we have made over the past 3 years to support America's farmers and ranchers, create opportunity in rural areas, improve USDA's processes and customer service, and protect forests and other natural resources. In order to capture that progress, it is important to discuss where we started at the beginning of this Administration, and then look at how far we have come.

Every year, USDA's Economic Research Service (ERS) publishes a report called "Rural America at A Glance." The Rural America at a Glance report published in November 2021 captured the state of rural America in late 2020 and early 2021, which of course was at the height of the COVID-19 pandemic. At the time, ERS wrote that people in rural or less densely populated areas might be less resilient than urban and suburban communities to shocks from the pandemic, and they could face greater challenges with recovery since they already experienced greater economic challenges accessing products, services, or commuting to work. Much of the report explored how a relative lack of broadband access in particular, and the prevalence of persistently poor communities among America's rural areas, might also contribute to the challenges these communities face during recovery. Of the 353 counties classified as experiencing persistent poverty at the time, 301 were in non-metropolitan areas. In the months leading up to the pandemic, only 72 percent of rural residents and only 63 percent of rural residents in persistent poverty counties had moderate- or high-speed broadband available in their census blocks, the report found.

While the pandemic put rural challenges under a microscope in ways that made it easy to see exactly what needed to be addressed, these challenges predated COVID-19. The report noted that over the decade leading up to its publication, the rural population declined 0.6 percent while the urban population grew 8.8 percent. The picture was much bleaker for rural counties with persistent poverty, whose populations declined by 5.7 percent. The report also noted that the average annual employment growth rate prior to the pandemic in rural areas was so low that rural America still had not recovered from the Great Recession by 2019. So, while unemployment remained somewhat steadier in rural areas compared to urban areas during the pandemic, ERS' outlook for rural America at the time of the report had not been hopeful for years due to longstanding systemic issues, and they did not predict a strong turnaround.

However, the 2023 *Rural America at a Glance* report, published this past November, paints a much brighter picture. This report notes that the rural population is growing again after a decade of overall population loss, with growth of approximately 1/4 percent from 2020 to 2022. It also showed that rural employment levels and annual growth rates have nearly returned to those seen in the years prior to the pandemic. In particular, the emergence of the clean energy economy is a growing employment sector, with clean energy jobs employing more than 243,000 workers in non-metropolitan counties in 2021, and those jobs have continued to grow through our investments since. The rural population is also experiencing a decline

in poverty. In 2021, 9.7 percent fewer non-metropolitan counties experienced persistent poverty (county-level poverty rates of 20 percent or higher over the last 30 years) compared with a decade earlier.

Certainly, these are not real-time statistics, nor is it possible to record all of the factors that contribute to improving circumstances in rural areas. Even so, we know that some factors are likely to have contributed and continue to do so in the period following what was captured in the latest report. First, net farm income has been at an all-time record high in recent years.

Specifically, farm income over the 2021–2023 period represents the highest level of farm income in the last 50 years—with 2022 attaining a record high and net cash farm income for 2023 being one of the best years on record at 16 percent above average for the last 2 decades. We saw that the bulk of that income has been driven by the market, namely high commodity prices and the 3 highest years on record for agricultural exports, and not by farm safety net payments. And while the first farm income forecast of 2024 indicates net farm income this year will return to prior levels that are slightly below these historic levels for farm income, this forecast underscores the critical importance of USDA’s ongoing work to help foster prosperity for producers and the communities they love by supporting an economy that grows from the bottom up and the middle out, and by creating new market opportunities that promote competition in the marketplace that can help combat low prices and high input costs. At the end of the day, a strong farm economy inarguably contributes to a strong rural economy and makes rural communities a more attractive place to live—and we are doing everything within our control to focus our efforts on enhancing economic resiliency.

The historic years of farm income mirror the stronger economy that President Biden and his economic team have advanced coming out of the pandemic; the U.S. economy grew 3.1 percent over the past year while adding 2.9 million jobs and with core inflation moving back down to the pre-pandemic benchmark over the last 6 months. And thanks to strong wage gains and higher job growth than expected, more families are benefitting. As a result, our policies have contributed to wages, wealth, and employment that are higher now than they were before the pandemic. This is just a snapshot of the steady improvement we have seen under this Administration, with the economy adding 14.8 million jobs overall with 2 full years of unemployment under four percent.

Another factor benefitting rural communities is an unprecedented investment to improve and modernize infrastructure. From water and waste treatment to electric power and telecommunications services to modernized schools and hospitals, the Biden-Harris Administration and USDA have been laser-focused on bringing rural community infrastructure and services into the 21st century. Since the beginning of this Administration, we have also been able to connect nearly 600,000 people across 35 states and territories to high-speed internet. This much-needed infrastructure is improving the quality of rural life and making it possible for more people to enjoy the beauty of rural America.

Despite this good news, we are all aware that systemic challenges remain, and we have yet to see rural areas reach their full potential. Rural poverty has declined in most, but not all, rural counties. Food insecurity also remains more common in rural areas than suburban areas.

And, even with higher farm income, farming still remains an incredibly risky business. Given tightening conditions and high interest rates, compounded with rising production costs, it is increasingly difficult for some farms to be able to meet short-term debt commitments. We also know that over half of farm households had negative farm income, and 84 percent of farm families obtain the majority of their income from off the farm.

Over the past several decades our economy has been focused on efficiency and productivity with businesses across the spectrum—manufacturing, retail, services, technology, agriculture—consolidating. Case in point, U.S. agriculture policy has, counterintuitively, encouraged a system that inherently shrinks opportunity, rather than grows it. The “get big or get out” paradigm established under Secretary Butz in the 1970s instructed bigger farms to expand, and the consolidation that followed significantly reduced the viability of small- and mid-sized farming operations. All farmers strive to be efficient, but our current system supports production of limited crops at an enormous scale. That kind of system demands a need for bigger farms, but fewer farmers. This concept of shrinking opportunity isn’t theoretical—it’s proven. Since 1981, we have lost 437,000 farms and 141 million acres of farmland—that’s equivalent to the landmass of Florida, Georgia, Maryland, North Carolina, and South Carolina combined.

Having fewer farmers predictably has led to high concentration of income. Despite record-breaking farm income, in recent years, typically about seven percent of U.S.

farms receive 85 percent of overall farm income, which means the remaining 93 percent of our farms share only 15 percent of farm income. On top of this, farmers are receiving less of the food dollar today than ever before.

It is clear that we are at a pivotal moment today, where we have the ability to choose a more expansive set of options to create, not diminish, opportunity. USDA is using the American Rescue Plan Act (ARPA), Bipartisan Infrastructure Law (BIL), and Inflation Reduction Act (IRA), as well as the Commodity Credit Corporation (CCC), to take a comprehensive approach to create opportunity for rural communities and invest in farmers, ranchers, and small businesses. While some of these investments are still nascent, we are beginning to see the fruits of this expansive policy framework that adds value for farms of every shape and every size and is designed for the real needs of rural America.

The Biden-Harris Administration's historic investments in infrastructure and new market opportunities have provided USDA with a powerful set of tools for restructuring our food and agriculture economy so small- and mid-sized producers get a fair shake, catalyzing strong rural economies where people have the opportunity and tools they need to build a good life in the communities they love.

Through the President's Investing in America agenda, we are supporting projects to lower input costs for rural producers and businesses, which increases their net income and improves their bottom line. In 2023, we provided funding for projects that will help farmers and rural small businesses reduce their energy costs—in some cases up to 100 percent—with over 2,000 investments totaling over \$397 million, most of which were made possible by IRA funding for the Rural Energy for America Program (REAP). We also began addressing the strain placed on producers by higher fertilizer costs driven by Russia's war of aggression against the people of Ukraine thanks to the flexibility offered by the CCC. For example, a grant in Wisconsin is helping a dairy farm convert manure to fertilizer through the construction of a nutrient concentration system that reduces greenhouse gas emissions. We are investing \$900 million in solutions like these to increase, or otherwise expand, the manufacturing and processing of fertilizer and nutrient alternatives in the United States. In a short period of time, USDA has already announced \$166 million in investments to 40 American companies, with many more to come.

We are also giving producers new options to manage their land and creating new, climate-focused markets. With funding made available through the IRA, USDA has enrolled more farmers in voluntary conservation programs than at any point in history. In 2023, USDA enrolled nearly 5,300 additional producers in conservation programs and awarded 5,287 IRA applications for a total of \$391 million. Even with those awards, the agency still had 5,986 applications on hand going into this Fiscal Year 2024. In our core farm bill programs, we're also seeing great producer interest. Since 2021, the Grassland Conservation Reserve Program (CRP) has enrolled a historic 6.8 million acres on over 10,000 farms. These programs are supporting farmers, important stewards of our land, in the work they are doing to provide productive and sustainable lands.

USDA is also increasing market opportunities for producers to sell their products. We are strengthening local and regional food systems and providing producers with more options to market their products. USDA invested millions to help businesses stay in operation or build new processing capacity in 2023 as part of the Biden-Harris Administration's \$1 billion commitment to expand meat and poultry processing capacity for small- and mid-sized processors. Because of investments like these, a company in Bidwell, Ohio will be able to increase their processing facility by 50 percent, and another company in Mills County, Iowa will expand processing capacity by 1,500 head of cattle per day and employ up to 800 workers. Through the Meat and Poultry Processing Expansion Program and the Meat and Poultry Intermediary Lending Program, USDA has awarded funding to 66 entities across the country, creating 4,207 jobs and increasing processing capacity by 337,770 shackle spaces.

USDA has also capitalized on its role as a major food buyer. In Fiscal Year 2023, 63 percent of USDA's purchases for domestic nutrition programs came from small businesses. This is an increase of eight percent over Fiscal Year 2022. With this increase, USDA is creating more opportunities to bolster rural communities, support small businesses, and connect small- and mid-sized farmers to new markets. USDA signed Local Food Procurement Agreements with 50 states, 35 Tribes, and three territories to purchase local food for food banks, schools, and other nutrition assistance programs. One such agreement in Oklahoma is identifying and reaching out to underserved producers to provide them with an opportunity to distribute their food to local underserved communities, helping to expand economic development for both the producers and communities they serve. These programs create jobs, lower costs for consumers, and help farmers and ranchers attain fairer prices by giving them options closer to the farm and making our food supply chain more resilient. They

also complement the important role USDA plays in reducing hunger and promoting health through our full suite of Federal nutrition assistance programs. From rural areas to cities and towns across the country, USDA reached one in four Americans with healthy food, nutrition education, and other related resources in 2023.

And for the rural Americans who do not have the tools to take advantage of these opportunities, this Administration launched the Rural Partners Network, which brings a whole of government approach to delivering technical assistance and resources. This allows us to lift up rural communities with a focused approach and ensure the people who are looking to take advantage of these opportunities are able. Through Rural Development programs such as ReConnect and Emergency Rural Health Care Grants we are expanding access to high-speed internet and helping rural communities maintain access to healthcare, two critical resources for thriving rural communities. In 2023 alone, USDA helped more than 250,000 people in rural communities access affordable, high-speed internet benefitting over 11,000 farms, 7,300 rural businesses, and nearly 500 educational facilities. Additionally, thanks to 806 grants provided to health care institutions under this Administration, more than 22 million people have greater access to health care and nutrition, which is critical for not only emergency needs but also to ensure access to primary care, rehabilitation, and long-term care for millions of Americans.

We are also working hard to bring a whole of USDA approach to address other systemic issues, such as lack of equity and inclusiveness in our programs, to make USDA a great place to work and to do business. USDA's Equity Commission has made recommendations that are informing USDA's policy decisions so that the Department's programs, services, and decisions reflect the values of equity and inclusion. We acknowledge we have not done enough to provide all farmers and ranchers an equal chance of success and prosperity and are actively working to change that. As of the beginning of this month, USDA has helped more than 37,000 farmers and ranchers who were in financial distress stay on their farms and keep farming, thanks to resources provided through Section 22006 of the IRA. At the same time, under the guidance of our Deputy Secretary, USDA has modernized its processes. For example, we have greatly improved the Farm Service Agency's (FSA) loan application processes to better serve farmers, in part through lessons learned from Farm Loan Borrower Relief Program implementation. USDA has streamlined FSA loan applications from 29 pages to 13, dramatically reducing the amount of time it takes to apply for a loan and making the process less onerous. In addition, in December 2023, USDA announced an online, interactive, guided application that can simplify the direct loan process for the more than 26,000 customers who apply each year and make it more accessible for those in remote areas or who may not have time to leave their operations and visit an FSA office. We have also recently added the option for FSA borrowers to make payments on their loans online and will continue to modernize our systems to make it easier for producers to manage their loans and time. Additionally, we are also making great progress in rebuilding our workforce. USDA agencies have increased their use of recruitment and retention incentives to bring pay more in line with market levels. As a result, more candidates are accepting job offers—and we are especially proud of how well this is working with pathways hires at FSA and the Natural Resource Conservation Service (NRCS).

If we are going to create an agriculture system that works for the many and the most, I believe the answer is a holistic approach. Not one focused just on bushels per acre, but one that also measures success as rural families being able to pay their bills, preserving our lands, and making their communities a place our children and grandchildren can call home. Producers of all kinds should be able to make a living and support their families through farming, not just those with the biggest operations. As decision makers in USDA and Congress, we should use the market, climate-based tools, and food systems to create new income opportunities and value for producers and rural communities.

I welcome this opportunity to discuss these important issues with you further and help you learn more about the great successes and progress we have seen in the last year. In turn, I urge you to bear in mind that we have a choice before us. We can continue on the path that this Administration has taken that leads to an even better and stronger rural America, or we can hold tight to the old model and continue a system that limits opportunities for producers and rural communities. At this critical moment, are you okay with losing another 400,000 farms in the next 30 years? What would it take to ensure our young people can see a future for themselves in agriculture and in rural America? I worry that turning back will further entrench consolidation, fragile food supply chains, nutrition insecurity, and high barriers to entry into agriculture. It will also likely perpetuate trends we are already seeing, including loss of farmland, and generational poverty. Together, we can

tackle these critical issues and create a healthy, equitable, and sustainable food system that strengthens our farms and our rural communities for generations to come.

The CHAIRMAN. Secretary Vilsack, thank you for your important testimony today.

At this time, Members will be recognized for questions in the order of seniority, alternating between Majority and Minority Members and in order of arrival for those who joined us after the hearing convened. You will be recognized for 5 minutes each in order to allow us to get to as many questions as possible.

And I will recognize myself for 5 minutes.

Mr. Secretary, I wanted to talk on a specific issue or question a specific issue to begin with that fits in the topic of regulations and the cost that they impose on both farmers and consumers. So let's talk about Prop 12. Mr. Secretary, you and I have discussed this issue. Preliminary data from a pending study at USDA's Office of the Chief Economist shows that prices of certain pork products have risen as much as 41 percent since the implementation of Proposition 12. A 2023 study found that the costs associated with Prop 12 are, quote, "widespread and extensive," end quote. That same study expressed that, quote, "These costs have a more severe impact on smaller independent operations, and that distresses placed upon the entire production and marketing chain will lead to ever-increasing consolidation and concentration of the industry," end quotes.

Now, we appreciate that the Biden Administration sided with the industry during the Supreme Court case. As we all know, the Supreme Court has weighed in on this matter and asked Congress to act. When thinking about the stated goals of this Administration in your very own testimony to serve small producers, can you speak to the economic harms from Proposition 12? And, quite frankly, if pork prices are going up for consumers and costs are going up for producers, who is winning here?

Secretary VILSACK. Mr. Chairman, I don't want to take you all the way back in our history, but I am going to, in response to your question to the Articles of Confederation. If you remember, when we began as a republic, we had basically a theory and structure that states would basically govern their own activities within their borders. What we found after several years of that experiment was chaos. And I think, frankly, that is where we are potentially headed.

The reality is this, that when each state has the ability to define for itself and for its consumers exactly what *farming techniques* or *practices* are appropriate, it does create the possibility of 50 different sets of rules and regulations, which obviously creates serious concerns for producers because they have no stability, and they have no certainty.

I am not sure that this Congress is going to be able to pass legislation, with due respect. But I would suggest that if we don't take this issue seriously, we are going to have chaos in the marketplace because there is nothing preventing any state from doing what California did.

Now, why did the Supreme Court decide what they decided? They decided it because they believed that each and every producer had their own choice to participate in this market. They basically

said it didn't violate the commerce clause because it didn't discriminate against any particular producer. Well, the problem, I think, is that it didn't anticipate the impact of 12 percent of the market changing the rules on the entire market. And I think that there is risk of that occurring all across the country.

Having said that, it is a little bit difficult, however, to create consistency within this Congress and within this country on this issue of states' rights, because if you apply this standard, then you are going to have to discuss some of the more difficult issues, social issues, guns, abortion, *et cetera*. So I don't envy the Congress trying to figure this out. I will tell you, though, that if Congress doesn't figure it out, there is going to be chaos.

The CHAIRMAN. Yes, I know, hearing from smaller producers, the larger producers that were prepared to go into that market have found that the volume that they prepared for is not there in California, so they are dumping product into other states, crowding out small producers. There is a lot of implication.

Mr. Secretary, in your testimony and comments around the country, you often lament about farms getting larger, about how many are forced to get big or get out. And I will be frank. I, too, share this concern, but not because of the concentration of farm income amongst these operations, but because of the concentration of risk borne by these full-time family farms. They have been forced into achieving economies-of-scale to be able to survive or to grow large enough for the next generation to have room to return to the family farm. These farms might have more to gain when times are good, but they also have more to lose when times are bad, which is why we need to make sure the safety net works for them, too.

Unfortunately, you have taken it upon yourself to utilize USDA to transform American agriculture through the unfettered use of the CCC or rewriting the rules on disaster aid programs to reorient assistance to small and part-time farmers at the expense of the full-time family farms. The truth is much of the consolidation you lament is a direct result of costs that are constantly rising amid softening commodity prices, putting the squeeze on margins.

And when I travel the country and talk to producers, many of the additional costs they are bearing are a direct result of the actions taken by this Administration. Between Department of Labor rules that have made the H-2A program almost unworkable and driven up the cost of labor, the EPA's war on crop protection tools, or even the threat of financial regulations that will increase cost of banking. As the Biden Administration is contributing to the expansion of these farming operations, many decisions with the aim of transforming any sector of the American economy is not the role of unelected bureaucrats, Mr. Secretary, but rather, those ideas should be debated in Congress, and no amount of tinkering around the edges at USDA will stop that.

Seeing that my time has expired, I now recognize—

Secretary VILSACK. Mr. Chairman, can I have a minute to respond to that please?

The CHAIRMAN. Yes, sir.

Secretary VILSACK. First of all, you mentioned the CCC. I just want you to know that we have basically followed the charter that was established by Congress in the establishment of the CCC. And

we have not, as was the case in the previous Administration, jeopardized the capacity of that fund to be able to do its farm bill payments.

Second, you mentioned the disaster assistance program. I would just simply say, when we advised Congress that there was a \$10–\$12 billion bill due to assist producers across the board for disasters in 2022, Congress appropriated \$3 billion. You gave us 30 percent of what we needed. So we had a choice of basically doing it the way we did before when we had all the money and the resources to be able to cover all of the producers, or provide an opportunity for 80 percent of the producers to receive slightly more. This included those family farmers you just talked about.

So if I had to do it over again, I would do it the same way because I think it is helpful to help those smaller producers. Why? Because they didn't receive the lion's share of the \$19 billion of indemnification that was paid through crop insurance and other mechanisms.

So with all due respect, if you want the disaster programs to work, then we have to have the resources to be able to do what you want us to do, which is to make everybody whole.

The CHAIRMAN. And, Mr. Secretary, I appreciate that. In the great times that we have spent meeting together, I will just reinforce what I have said before. Work with us on those issues. I can't control what happened in the past. I couldn't even control what happened in 2022, but I did have more opportunity today as Chairman.

So with that, I recognize the Ranking Member for his questions.

Mr. DAVID SCOTT of Georgia. Thank you, Chairman Thompson. I really appreciate that.

Secretary Vilsack, both my Democratic and Republican colleagues certainly want to pass a bipartisan farm bill. And the year's extension is giving us more time to work out our differences, and we are negotiating through those now. But I know that Chairman Thompson and I feel the same about this. We definitely want a bipartisan farm bill.

I hear from my nation's farmers quite regularly that they want and need certainty. They want and they need new markets. And in that regard, I want to thank you for creating RAPP. And RAPP means Regional Agriculture Promotion Programs. It helps our commodities farmers, and certainly, it helps groups like our soybean farmers and others to be able to navigate the challenges we are facing today.

And for those of you who may be listening to this hearing across the nation, Secretary Vilsack, could you share with us and the nation your thoughts on this, why a bipartisan bill passed this year is very vital and very important and why it has got to be done?

Secretary VILSACK. Well, Representative Scott, I think it is fair to say that every farmer, every rancher, and everyone who lives in rural America depends in large part on the farm bill programs. A farm bill is more than that. It is a rural development bill. It is a conservation bill. It is a nutrition bill. It is a research bill. It is a trade bill. It is a risk management bill. It is a broad opportunity to say to rural America and to American agriculture that we care,



that we are investing in their future, and we are providing stability.

The failure to have a farm bill creates uncertainty, and that uncertainty makes it very difficult for producers to make decisions about their operations, to decide whether or not they are going to diversify their crop, to decide whether or not they are going to take advantage of new crop insurance. By the way, we have had 12 new policies and 15 new modifications to crop insurance just in the last 3 years. Do they take advantage of those or not?

It is very difficult for land-grant universities, minority-serving institutions that rely on the direction of the farm bill and the Research Title to know whether or not they can move forward with critical research, which obviously will impact and affect things. It is difficult for those in the Chamber of Commerce and economic development offices across the counties to know whether or not they need to plan for new opportunities. I mean, the bottom line is we have to get it done.

Mr. DAVID SCOTT of Georgia. Right. Let me get to another question which is very important. Mr. Vilsack, I know you testified to your commitment to getting IRA dollars out the door so our farmers and rural communities can benefit from these investments, and I want to applaud you for those efforts and dedication. But can you give us an update on where things stand?

Secretary VILSACK. Yes, 99.8 percent of the money that was set out in the IRA for 2023 was obligated. EQIP, 2,812 landowners received contracts, nearly 8,000 applications. The easement program, 69 producers received assistance, 250 applications.

Mr. DAVID SCOTT of Georgia. Yes, my time is getting a bit short here. Let me also ask you, did you meet your spending goals last year?

Secretary VILSACK. Absolutely, because the goal was to get the money out the door.

Mr. DAVID SCOTT of Georgia. And are you on target to spend all you have planned for this year?

Secretary VILSACK. Yes, because the demand is there.

Mr. DAVID SCOTT of Georgia. And are you still hiring more staff, or has hiring plateaued?

Secretary VILSACK. Because of the money and resources in the IRA, we are able to continue to increase NRCS, over 1,500 new people working in NRCS. And we have expanded through technical assistance, cooperative agreements, additional help, and assistance.

Mr. DAVID SCOTT of Georgia. Thank you. And I just want to personally thank you for the great work you have done with me and many of the Members on this Committee and making sure our 1890s Student Scholarship Program is now permanent, and it passed in a very strong bipartisan way into the farm bill, and we are making that scholarship permanent. Hopefully, that addresses some of the concerns that you expressed about making sure that we have farmers for generations to come. Thank you.

The CHAIRMAN. I thank the gentleman and now recognize the distinguished gentleman, the Chairman emeritus from Oklahoma, Mr. Lucas, for 5 minutes.

Mr. LUCAS. Which is a polite way of saying the old guy.

Welcome, Mr. Secretary. And kind of in that role, you have had an outstanding career, too. You have been Secretary, what, 10 of the last 14 years?

Secretary VILSACK. Going on 11.

Mr. LUCAS. Going on 11, that is pretty amazing to have been around that long in what sometimes is a challenging agency directing policy, so your imprint is in a lot of places. And I am impressed, and I congratulate you for that. And I know that every Administration is different. The Obama Administration is certainly different than the Trump Administration. And in some ways the Biden Administration is different even than the Obama or Trump Administrations.

But that said, Mr. Secretary, it has always been clear to me that the strongest policies that come out of this Committee and the most important programs administered by USDA are built on the belief that support and relief programs must be tied to crop production. When this Committee or your agency stray from that principle, we begin to walk down an unsustainable and a very concerning path.

When you last appeared before this Committee, I raised concerns about your agency's design and implementation of phase two of the Emergency Relief Program for 2021 crop year and called for a return to the ERP phase one methodology. You said that your agency would learn from their experiences during the first iteration of ERP and would factor it into the administration of the next. Well, based on the reports that I am hearing from my producers in Oklahoma, ERP 2022 has proven to be no better than its predecessor at delivering support to those who suffered the greatest crop losses.

So my question to you today is exactly where those lessons your agency learned from the administration of 2021 ERP program—what were those lessons, and how did it change the approach in 2022? And while you are thinking about that, as a follow-up, what did your agency learn from the ERP 2022 rollout? And what are some of the changes that we can expect to see in future programs administered?

Secretary VILSACK. Well, one change would be for Congress to give us the resources we asked for. I mean, when you give us 30 percent of what we ask for, when we tell you that that the damages are \$10–\$12 billion and you basically appropriate \$3 billion, you put us in a tough spot.

Mr. LUCAS. But, Mr. Secretary, when you change the program so that you screw up the delivery and screw up the 30 percent, it makes it difficult to come back and ask for the other 70.

Secretary VILSACK. It didn't screw up at all. In fact, 82 percent of producers received more assistance and help than they would have based on what you have articulated.

Mr. LUCAS. But my producers back home who actually raise the food and fiber that feed the country, who put the resources on the shelf that the Federal credit cards, the SNAP program benefits buy, tell me the resources are not going to production where the losses were.

Secretary VILSACK. That is not true. That is not true. In fact, I will be happy to provide you the specific numbers of producers in your state that receive benefits in major commodity production.

Mr. LUCAS. But, Mr. Secretary, is the goal to give resources to address the disasters by following production, or is the goal to pick out who is actually farming so that those of a preferred category in the rules benefit more from disaster relief than others?

Secretary VILSACK. Well, Representative, you can't basically cherry-pick one program. You have to look at it in the totality. When you look at all of the resources that your producers received, including the crop insurance payments, the majority of which went to the people you are talking about, which is a very small subset of the producers that we are talking about.

Mr. LUCAS. I know, Mr. Secretary, what my producers are telling me. Let's change subjects for just a moment. I understand that there is discussion about USDA's Direct and Guaranteed Loan Programs so that there has been some discussion that Congress should for the first time authorize the conversion of guaranteed loans to direct loans based primarily on a decision by the Secretary that such loans are distressed. What would your approach be to ensuring that such conversions would be, I will say, rare and limited?

Secretary VILSACK. Well, I can assure you that we are going to—whatever we do with this effort will not jeopardize the financial stability of our loan portfolio.

Mr. LUCAS. But the tradition of this Committee and policy has been that the guaranteed loans caused financial institutions to put skin in the game, that there was potentially a higher standard and a greater degree of potential success in the programs by going the guaranteed route as opposed to direct loans. If we simply shift bad direct loans—sorry, bad guaranteed loans over to direct loans, one, we are bailing out banks; and two, we are disincentivizing being cautious and prudent loan officers.

Secretary VILSACK. Well, I think the goal of any effort would be to try to keep farmers on the land. I think that is the key here. We are not trying to kick folks off the land. We want to keep them on the land if at all possible.

Mr. LUCAS. But, Mr. Secretary, we should not create situations where people will not be able to succeed and fail. That is terrible thing to do to fix.

Secretary VILSACK. Fair enough, but that is not who we are talking about.

Mr. LUCAS. I yield back, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentleman from California, Mr. Costa, for 5 minutes of questioning.

Mr. COSTA. Thank you very much, Mr. Chairman, Ranking Member, and Members of the Committee. Mr. Secretary, it is always good to have you here.

And clearly, we are focused on the reauthorization of the farm bill. We do it every 5 years. It equals a reestablishment of our priorities in terms of ensuring that America's safety net for the production of food and fiber with farmers, ranchers, dairymen and -women, and our farmworkers, as well as those who are food-insecure, benefit from that safety net.

Let me just speak that in California, obviously, the largest agricultural state where over half the nation's fruits and nuts and vegetables are produced, 20 percent of the dairy products, 400 dif-

ferent commodities, this farm bill is critical and it is important. We must get this done this year.

Investments made, though, in the previous Congress, I think, are critical to note. The Bipartisan Infrastructure Law (Pub. L. 117-58), the Inflation Reduction Act are all key funding methodologies that help America's agriculture economy. In California, as an example, over \$1.15 billion for improved water storage in the San Joaquin Valley, \$500 million to prepare aging dams and ensure safety, \$1 billion for rural water projects, \$56 million for Regional Conservation Partnership programs.

But I want to talk about specifically, Mr. Secretary, the importance of these investments. I have heard that the previous President, who is running again, if reelected wants to impose ten percent tariffs across the board and 60 percent tariffs on Chinese goods. Given our importance of exporting agricultural products, I think this will just go back to resulting in a trade war. Would you care to comment on this and the pending impacts?

Secretary VILSACK. Well, I don't think there is any question that the last time tariffs were assessed and the way they were assessed, they caused great stress in the countryside, significant impact on the market. Thirty percent of our product is sold in exports, and a significant percentage of that goes to China.

Mr. COSTA. Well, and everybody has leverage when you start a tariff war.

Secretary VILSACK. I am sorry, what?

Mr. COSTA. Everybody has leverage when you start a tariff war.

Secretary VILSACK. Well, absolutely. And that is one of the reasons why the CCC was drained because you basically—

Mr. COSTA. Right, \$45 billion under the previous Administration, I think you have spent \$15 billion by comparison, right?

Secretary VILSACK. That is correct. That is correct.

Mr. COSTA. Let me move on to the disaster relief. You talked about 30 percent and the supplemental appropriations. What would you like us to do going forward? Because the \$2.8 billion or you said \$3 billion in disaster aid obviously didn't cover the disasters in 2023. What recommendation would you make for the future budget and the reauthorization of the farm bill?

Secretary VILSACK. Two recommendations, one adequately and fully fund disaster assistance if it is *ad hoc*. Two—

Mr. COSTA. That is the bottom line, isn't it?

Secretary VILSACK. Well, it is a lot of money, but it is important to—

Mr. COSTA. But if you want to provide the disaster relief, you have to provide the funding?

Secretary VILSACK. That is correct. That is correct. You have to provide the full money. And then second, I think it is important to have a conversation about how to create a structure and system that is less *ad hoc* and more permanent from a disaster assistance program. I think, Mr. Chairman, I think you are interested in doing that, and I think there is some logic and some reason for that discussion.

Mr. COSTA. And the Inflation Reduction Act—and I believe that those monies have gone for good purposes under the Natural Resources Conservation Services, as you pointed out, to a number of

programs that, frankly, are oversubscribed. But there was some talk about taking those funds and putting them for other purposes. What would the Administration's view be on the farm reauthorization measure?

Secretary VILSACK. We feel very strongly that you got to maintain those resources because of the demand and because the resources that are available to all farms, not to a subset of our American agriculture. It is important for us to continue to invest in conservation, and it is very, very evident that the countryside wants these resources because, as you indicated, they are significantly oversubscribed.

Mr. COSTA. Oftentimes under the USDA, the forestry title gets, I think, overlooked with climate change and the impacts of fires throughout the West. The importance of reauthorization of the farm bill and addressing the hazardous fuels reduction—and we have a bipartisan bill that would save our sequoias. What is your focus on how we deal with this challenge that we have in forests across the country?

Secretary VILSACK. The Congress made a good down payment in the Bipartisan Infrastructure Law, which is allowing us to focus on hazardous fuel reduction in the West in particular.

Mr. COSTA. But we need to do more?

Secretary VILSACK. It is a down payment. You need to continue to fund that effort.

Mr. COSTA. Okay. My time has expired. There is an issue in climate-smart partnerships, and I want you to continue to focus on that. It benefits a lot of individual folks that are participating in that climate-smart effort. I yield back the balance of my time.

The CHAIRMAN. I thank the gentleman and now recognize Mr. Austin Scott from Georgia for 5 minutes of questioning.

Mr. AUSTIN SCOTT of Georgia. Secretary Vilsack, you were the Secretary in 2010, correct?

Secretary VILSACK. Yes, sir.

Mr. AUSTIN SCOTT of Georgia. And in 2010, SNAP was approximately 67 percent of USDA funding, and 33 percent of USDA funding went to other sources, whether it be farming commodity production or conservation. Is that correct?

Secretary VILSACK. I don't have those specific numbers, but I am sure that you do, Congressman, so I will acknowledge—

Mr. AUSTIN SCOTT of Georgia. Well, thank you. And so, as I understand it today—and I expect you will have these numbers—that approximately 80 percent would go to SNAP and approximately 20 percent would go to all of the other expenditures of USDA. Is that correct?

Secretary VILSACK. I don't know whether that is correct or not, Congressman, but I will—

Mr. AUSTIN SCOTT of Georgia. You are kidding me.

Secretary VILSACK. For the sake of this conversation—

Mr. AUSTIN SCOTT of Georgia. You are the Secretary of Agriculture, and you don't know what the pie chart of your budget looks like?

Secretary VILSACK. I don't know the specific—I know that a significant percentage of our budget is focused on nutrition assistance of a multitude of different programs. It is not just SNAP, it is also

WIC, it is the School Lunch Program, it is the assistance of food—

Mr. AUSTIN SCOTT of Georgia. I am talking about food and nutritional programs being 80 percent.

Secretary VILSACK. Okay. Well, that is more than SNAP.

Mr. AUSTIN SCOTT of Georgia. And food nutritional programs were included in the 67 percent before.

Secretary VILSACK. Okay.

Mr. AUSTIN SCOTT of Georgia. Okay. But you understand what I am getting at?

Secretary VILSACK. Sure. Yes, absolutely.

Mr. AUSTIN SCOTT of Georgia. So that leaves 20 percent instead of 33 percent for conservation, production agriculture, all the other things that the USDA does, just simple math. Less than ten percent of your total USDA funding now is going to go to production agriculture. Is that correct?

Secretary VILSACK. Congressman, I don't know if that is correct or not. What is the point? Just get to your point.

Mr. AUSTIN SCOTT of Georgia. Well, my question for you is what percentage of what you receive at the USDA should actually go to production agriculture? My point is you talk about the loss of the family farm where starving farmers don't get to plant the food to feed hungry people.

Secretary VILSACK. Well, the reality is it is not about planting food. We are doing a great job of that. American farmers are the best in the world with that. We have seen a remarkable increase in productivity with inputs basically maintaining and actually there is wonderful—

Mr. AUSTIN SCOTT of Georgia. Secretary, let me read something to you from a—

Secretary VILSACK.—chart today right here that shows the productivity.

Mr. AUSTIN SCOTT of Georgia. Well, it is my time, so let me read this to you from a good, good farmer. This isn't someone that inherited. This is someone who built their own family farm. "This year reminds me a lot of the early 1980s. I had a bit more optimism in my 20s than in my 60s, making plans on which piece of land to sell off and get stable for the bumpy ride for agriculture."

Secretary VILSACK. We had record income in the last 3 years, Congressman. We had record income. But the problem is—

Mr. AUSTIN SCOTT of Georgia. No, sir, you did not.

Secretary VILSACK.—that the income was concentrated.

Mr. AUSTIN SCOTT of Georgia. 2021 and 2022 were good, but 2023 was bad. You have glossed over—

Secretary VILSACK. No, it wasn't—

Mr. AUSTIN SCOTT of Georgia.—the 2023 number.

Secretary VILSACK. No, no. No, no. It was not bad. It was actually above the historic average. The 3 years total—

Mr. AUSTIN SCOTT of Georgia. It was a significant fall-off—

Secretary VILSACK. Best 3 years in 50 years for sure. I think the best years from a net cash income ever, so—

Mr. AUSTIN SCOTT of Georgia. Secretary Vilsack, have you talked talk to any farmers about—

Secretary VILSACK. I have talked to more famers—

Mr. AUSTIN SCOTT of Georgia.—how much fertilizer costs, about how much—

Secretary VILSACK.—than you have, sir.

Mr. AUSTIN SCOTT of Georgia.—diesel costs, about the cost of land rent because of what you have—

Secretary VILSACK. Net cash farm—

Mr. AUSTIN SCOTT of Georgia.—done with solar subsidies and everything else?

Secretary VILSACK.—income, highest ever, highest ever. The problem is it is concentrated in the hands of the large operators. And I have nothing against production agriculture and large operators. We need them. The question is, what are we doing about the other—

Mr. AUSTIN SCOTT of Georgia. Secretary Vilsack—

Secretary VILSACK.—the other 93 percent?

Mr. AUSTIN SCOTT of Georgia. Secretary Vilsack, approximately 90 percent of the food supply comes from about ten percent of the farms in this country.

Secretary VILSACK. I don't think that is quite accurate, but go ahead.

Mr. AUSTIN SCOTT of Georgia. Well, what would you say was accurate with it?

Secretary VILSACK. I think it is in the neighborhood of 85 percent or so.

Mr. AUSTIN SCOTT of Georgia. Eighty-five percent then comes from ten percent of the farms? That is 85 percent of the food supply for the American citizens.

Secretary VILSACK. And they—

Mr. AUSTIN SCOTT of Georgia. Now, your President and your Vice President don't seem to mind being dependent on foreign sources of energy, but I can assure you, the American citizens don't want to be dependent on foreign sources of food.

Secretary VILSACK. Congressman, they are your—

Mr. AUSTIN SCOTT of Georgia. We don't. And we are importing—

Secretary VILSACK.—President and Vice President as well.

Mr. AUSTIN SCOTT of Georgia.—more food than we ever have in this country.

Secretary VILSACK. We are producing more oil than any other country in the world. What are you talking about?

Mr. AUSTIN SCOTT of Georgia. We are importing more food. We are importing more food—

Secretary VILSACK. Well, you—no, no, no. Nope, nope, nope, wait a minute. Wait a minute. Let's be—

Mr. AUSTIN SCOTT of Georgia.—than we ever have in this country.

Secretary VILSACK. Let's be clear about this. Let's be clear about what we are importing, okay? The major driver of the imports: horticulture. Horticulture, okay?

Mr. AUSTIN SCOTT of Georgia. We are importing more food—

Secretary VILSACK. And we are—

Mr. AUSTIN SCOTT of Georgia.—than we ever have in the history of the country.

Secretary VILSACK. We are importing it because we like to have choice all year long. It is not that we are importing it because we need it to feed ourselves.

Mr. AUSTIN SCOTT of Georgia. Secretary Vilsack, you can justify the actions all—

Secretary VILSACK. But it is true.

Mr. AUSTIN SCOTT of Georgia.—all you want to.

Secretary VILSACK. It is—

Mr. AUSTIN SCOTT of Georgia. Have you been to the grocery store lately?

Secretary VILSACK. Absolutely.

Mr. AUSTIN SCOTT of Georgia. What does food cost today *versus* what it did before the American Rescue Plan and the Inflation Reduction Act, as you call it?

Secretary VILSACK. Well, the good news is—and I alluded to it—

Mr. AUSTIN SCOTT of Georgia. There is no good news there.

Secretary VILSACK. Food inflation is down. Grocery store price inflation year over year is 1.3 percent, the lowest it has been since 2021, and ERS predicts that it is going to decrease this year in 2024.

Mr. AUSTIN SCOTT of Georgia. If it falls another 25 percent, it will be back where it was before y'all got there.

The CHAIRMAN. The gentleman's time has expired.

Now I am pleased to recognize the gentleman from Massachusetts, Mr. McGovern, for 5 minutes.

Mr. MCGOVERN. Thank you, Mr. Chairman. I don't think it is a radical idea to want a farm bill that supports small- and medium-sized farms, that supports conservation. And I don't think it is a radical idea to insist on a farm bill that doesn't increase hunger in America.

And let me just say to the gentleman who just spoke, we can support our farmers and hungry families at the same time. This is not an either/or situation.

And I am grateful, Mr. Secretary, to you and to Deputy Under Secretary Dean for all that you have done to improve food security in this country, especially when it comes to improving food security for kids over summer months and making school meals healthier and more accessible, which is good for our kids and is good for our farmers, and, by the way, will save us a lot of money in healthcare costs down the road. My Republican friends complain about the cost of some of these programs. They don't talk about the savings and avoidable healthcare costs that result by investing in these nutrition programs. So we can save money by doing this.

I also want to associate myself with the remarks of the Ranking Member, Mr. Scott, and his comments on SNAP. The bottom line is the benefit, let's be honest, is inadequate. And we want a bipartisan farm bill, but what my Republican friends are proposing would cut SNAP by \$30 billion and then prevent future increases.

A little bit of a history lesson here, before the pandemic, SNAP on average was about \$1.40 per person per meal. Then the pandemic came and, Mr. Secretary, you, thankfully, using your authority that Congress asked you to use, plus some emergency benefits, it was bumped up to about \$2.40 on average per person per meal.



Then some of these emergency benefits expired. And now it is down to about \$2.08 per person per meal.

Everywhere I go, I am told by organizations that deal with people who are food-insecure, it is not enough, it is not enough to be able to put healthy food, nutritious food on the table. And yet my friends here are advocating not only a cut, but preventing any future updates in terms of increases. It doesn't make any sense to me.

I would say to my Republican friends that you are barely hanging on to your majority by your fingernails. Look at the results of last night's election in New York. Your majority has been ineffective, and what you are doing and what you are advocating is highly unpopular. People do not want you to follow MAGA extremists off a cliff. They want you to focus on helping struggling families instead to be able to put nutritious food on the table. They want us to work together on a farm bill that supports our farmers and supports struggling families. And yet what we are seeing here is what we have seen on almost every piece of legislation that has come before this House, a move to the extreme when it comes to programs that benefit the most vulnerable.

Now, Mr. Secretary, some on this Committee complained that you increased SNAP benefits during the pandemic. I don't think anyone here, I don't think, truly believes that SNAP benefits should be based on the cost of a food plan that would now be 50 years old. Can you explain why you reevaluated the Thrifty Food Plan? Did you just decide that on your own, or did Republicans and Democrats in Congress tell you to do that?

Secretary VILSACK. In the 2018 Farm Bill, the direction from Congress was that USDA was to consider cost-conscious healthy diets for families on low- and moderate-income. They specifically directed us to use the following: current dietary guidance, consumption patterns, food composition data, and current food prices. We essentially followed that to the T. We used the scientific process of calculating the impact and effect on the Thrifty Food Plan base foundation for SNAP, and we concluded that it required an increase.

Mr. MCGOVERN. And what would the theoretical impacts be to holding the Thrifty Food Plan to the cost of the 2021 plan for another 20, 30, 40 years?

Secretary VILSACK. You would eventually have a food plan that did not adequately meet the need of families who are struggling financially.

Mr. MCGOVERN. My friends complain about the cost of groceries at the supermarket, and yet they are advocating policies that will make it more difficult for people to be able to afford those groceries. This doesn't make sense, investing in these programs—and, again, I applaud you for your leadership on this. Investing in these nutrition programs are not only the right thing to do because we should care about people, all people, not just those with deep pockets, but it will also save our healthcare system a boatload of money in the future, also help our farmers. And I thank you for your leadership, and I yield back my time.

The CHAIRMAN. I thank the gentleman from Massachusetts.

Before I recognize Mr. Crawford, I do want to submit for the record a document that uses CBO scores on exactly what is being proposed with providing article 1 direction in terms of completing the Thrifty Food Plan evaluation consistent with how it has been done the past except for this past time. As CBO's records, it shows the benefits level. Quite frankly, there is no intent to cut current benefits. And this talks about if that proposal would go forward, what the benefits would be in the future.

Mr. COSTA. Well, Mr. Chairman, we should do a whole hearing on that because we respectfully disagree with your conclusion.

The CHAIRMAN. Well, this is CBO's conclusion. I am not making things up. The facts are the facts. And so I will submit this, be willing to share this with any Member that would like to have a personal copy of it as well.

[The information referred to is located on p. 105.]

The CHAIRMAN. I am now pleased to recognize the gentleman from Arkansas, the land of rice and ducks, Mr. Crawford for 5 minutes.

Mr. CRAWFORD. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for being here. How often do you interact with the President's Council of Economic Advisers?

Secretary VILSACK. I am sorry, how often?

Mr. CRAWFORD. How often do you interact with that council?

Secretary VILSACK. I actually interacted with the chair yesterday.

Mr. CRAWFORD. Really?

Secretary VILSACK. Yes.

Mr. CRAWFORD. I would suggest that y'all probably aren't singing from the same hymnal because you just said that inflation was on a downward trajectory when in fact the Council of Economic Advisers just said that grocery stores are actually causing inflation to increase. And that was a statement as recently as February 1. In fact, here is an article I am happy to share with you. *Biden Takes Aim at Grocery Chains Over Food Prices*.<sup>1</sup> So it says here, "President Biden has begun to accuse stores of overcharging shoppers as food costs remain a burden for consumers and a political problem for the President." He coined the phrase—I don't know that he coined it, but he used the phrase "shrinkflation" to describe how packaging, basically, smaller portions in a bag charging the same price for is having an impact on prices at the grocery store as well.

So, these accusations and charges and things of this nature about the evil Republicans just don't hold water. I think probably you should go revisit the Council of Economic Advisors and maybe y'all will get on the same page because we are hearing mixed messages now from you and from the Council of Economic—there wasn't a question there, Secretary.

Last year, when you testified before the Committee, I asked you about the adverse effect wage rate. And you mentioned at the time that your preferred solution for the AEWR was to pass the Farm Workforce Modernization Act of 2021 (H.R. 1603, 117th Congress). And we all know that the bill had significant issues that were unrelated to the adverse effect wage rate that kept it from becoming

<sup>1</sup> Editor's note: the article referred to is located on p. 128.

law, so I don't think that was necessarily the answer to the problem.

So since you were here last year, my friend Mr. Davis and I, who have been leading the Agriculture Labor Working Group, we have been hearing from everyone, and everyone has talked about—and when I say everyone, I am talking about stakeholder groups, ag employers across the country that have come in to share their concerns. And the prevailing sentiment was that the adverse effect wage rate continues to be a huge problem. It is an impediment to the efficient functioning of the H-2A program. Georgia, for example, has seen a more than 20 percent increase in the AEW in the last 2 years, completely unsustainable. So do you agree that Congress needs to reform AEW in such a way as to ensure predictable and sensible wage levels for H-2A employers?

Secretary VILSACK. I think it makes sense for Congress to—with their problems with the Farmworker Modernization Act to fix that and pass it because it would create stability, it would create a range, it would create predictability in the system.

Mr. CRAWFORD. Let me ask you this, changing subjects real quick here. As you know, in many USDA programs, especially in Rural Development, there are costly and time-consuming environmental processes that ultimately end in the project being a categorical exclusion from NEPA. The current system is a barrier to entry to potential borrowers, lenders, and grantees to participate in the system, and when they do, they often spend much time and money to meet paperwork requirements. All of it keeps funds from being deployed in rural America.

The Department of Energy has already issued rules to make charging stations and solar projects categorically excluded within the DOT and the Department of Homeland Security then adopted for their departments.

My question is what steps is USDA taking to implement the statutory categorical exclusions listed in the Fiscal Responsibility Act (Pub. L. 118-5), specifically loan guarantees? And if no action has been taken yet, when can we expect actions to be taken by USDA to implement those provisions?

Secretary VILSACK. We use categorical exclusions on a regular basis in our programs. When there is an opportunity to use it, we do use it. I am particularly aware of how often we use it in the Forest Service in order to move processes along.

Mr. CRAWFORD. Okay.

Secretary VILSACK. Eighty-five percent of the activities that we have done in our Forest Service the last 3 years use CE, so we are not opposed to using it. We actually look for opportunities to use it.

Mr. CRAWFORD. I hope that is true because I have some constituents that are highly concerned with that.

Let me shift gears again. Hopefully, I can get an answer on this question. Your comments last month, you said, quote, "Here is the problem. Reference prices help a subset of farmers," end quote. These comments worry many farmers across my district, across the country, putting in the hard work of feeding and clothing the world. And to be clear, when I say *farmers* in this context, I mean those who are producing our food and fiber at scale.

You focused a lot of your attention on climate, but when you talk about farmers, you often talk about USDA's role in protecting what I would call more hobby farmers. These are folks I certainly care about, and I don't believe they should be completely ignored by USDA programs, but many of them are not full-time farmers or truly dependent on income from the farm to keep them financially afloat.

And alone, our country in the world can't be dependent on their output, which is less than 20 percent of all agricultural production. You acknowledged that earlier in your statement. So my time has run out, but I will yield back.

The CHAIRMAN. The gentleman's time has expired.

I now recognize the gentlelady from Virginia, Ms. Spanberger, for 5 minutes.

Ms. SPANBERGER. Thank you very much, Mr. Chairman. And thank you, Secretary Vilsack, for being here.

I come from Virginia where our number one private industry is agriculture. And I had a bit of a visceral reaction when the gentleman talked about hobby farmers and those who don't make farming their full-time income because I represent so many of those farmers. And the reason that farming may not be their full-time income is because they can't afford to do it. We have small generational family farms that, frankly, many of the conservation programs have helped the farmers I represent save and make more productive.

And I will give a specific example. I was out visiting a farm in Caroline County, and a farmer said he has 1,000 acres of cereal rye, and he did a testing. This is last year. And they found rye roots 7' deep. And that was after 34 days without rain. He said that cover crop usage and their use of no-till practices, the cover crop land never gave up an inch. His soil is rich. His ability to produce on that land is made possible, according to the farmer, by his usage of conservation programs that are made possible because of these Federal programs.

So I am grateful that you are here to speak to a whole variety of issues. And I am proud that we were able to invest in conservation programs at USDA through the Inflation Reduction Act because, in fact, we know that there are so many more farmers like the one I just mentioned who want to participate in these programs that lower input costs, increase their bottom line, and make farming possible in communities like those that I represent. But so many are turned away because of lack of funding.

So I am pleased to see that, according to a new USDA report on funding IRA implementation, Virginia has already received nearly \$8 million in funding that goes directly to farmers across our Commonwealth who want them to increase their productivity, improve wildlife habitats, improve air and water quality, and help farmers stay farmers.

So could you please elaborate on USDA's progress in getting IRA conservation dollars to farmers and producers? And specifically, has the law helped these programs reach more producers?

Secretary VILSACK. Well, clearly, the answer to your question is yes. It has obviously increased the reach of the programs. There is still a great deal to do. We have increased the number of people

working at NRCS. We have entered into cooperative agreements so that we have a broader reach so that those who might not be able to understand they qualify for the program are finding out about the program, or assisting in guiding them into participating.

And let me just simply say that roughly 85 to 88 percent of farmers in this country today require off-farm income to be able to keep the farm. So with all due respect, it is not about hobby farmers. It is about folks who love what they are doing and, frankly, would like to be able to do more of it, but they don't have the income streams that support it so they have to have an off-farm job. And to me, the key here is creating opportunities for that farm to generate more revenue.

You mentioned cover crops. That is an opportunity, potentially, for that farm to qualify for ecosystem service market payments.

Ms. SPANBERGER. Yes.

Secretary VILSACK. But now instead of just a crop, they are going to get an environmental payment. There are a multitude of other strategies here that we are investing in, and conservation and investments in conservation are critically important to allowing those income streams to occur.

Ms. SPANBERGER. And that is what I hear time and time again from the producers I represent.

So in that vein, how can Congress continue supporting USDA, whether through statutory flexibility, you mentioned additional staffing. What else needs to happen to expedite these funds getting out the door?

Secretary VILSACK. Well, first, a budget that doesn't require us to cut staff. Second, maintaining the IRA funding, and—

Ms. SPANBERGER. And, sir, you said it before, but could you just remind everyone how much staff do you have to cut because of the budget challenges?

Secretary VILSACK. Well, the House Agriculture appropriations talked about an 18 percent cut to our budget, so you can do the math.

Ms. SPANBERGER. Yes, thank you. Please continue.

Secretary VILSACK. Maintain the IRA funding. Let's get a budget, pass a farm bill so there is certainty in terms of the programs. And, to a certain extent, continue to support our efforts on the climate-smart because that is also tied to the conservation activities and programs. We saw tremendous demand for that and tremendous interest in it.

Ms. SPANBERGER. And just in closing, related to some of the challenges at the grocery store, I received a message from a darling constituent who, speaking of our extraordinary country, said, I for one still find it amazing that you can buy a pineapple in January for \$1.29 on sale at the grocery store, truly an incredible country.

Thank you for serving this incredible country.

Mr. Chairman, I yield back.

The CHAIRMAN. The gentlelady yields back.

I now recognize Mr. DesJarlais from Tennessee for 5 minutes.

Mr. DESJARLAIS. Thank you, Mr. Chairman. And, Secretary Vilsack, thank you for always coming and visiting with us.

With the record influx of illegal crossings at the southern border, I was wondering what steps you are taking to mitigate potential strain on the SNAP program.

Secretary VILSACK. Well, people coming across the border don't qualify for SNAP and aren't participating in SNAP.

Mr. DESJARLAIS. From the USDA Food Nutrition Service SNAP policy on non-citizen eligibility, it says non-citizens eligible with no waiting period, and there is about 13, but I will just read a few: qualified alien children under 18 years of age, so anyone under 18 qualifies without a waiting period; refugees admitted under section 207; victims of trafficking and trafficking victims under the Act of 2000, and unfortunately, there is a lot of them; asylees under section 208. And, I mean, you would have to agree that almost everyone coming into the country is either seeking refugee status, asylum status, or under 18, so how can you say that this is not going to put a strain on the SNAP program?

Secretary VILSACK. Because the fact that they are seeking asylum doesn't mean that they qualify. They have to be granted asylum.

Mr. DESJARLAIS. We have 42 million people on SNAP now. We have had roughly ten million crossing over, most of them seeking asylum. That will come due, so as we plan a 5 year farm bill, we need transparency in order to make sure people are taken care of.

Secretary VILSACK. [inaudible] go down, sir.

Mr. DESJARLAIS. There has been a shortfall to go this year in funding for the SNAP program. There has been fraud that if you go to social media—you got to love social media. I did it this morning. I said, what is the fraud rate in the SNAP program? The very first thing that pops up says 1.5 percent. Then I go to the past year, and I would like to introduce this into the record. I would ask unanimous consent. This article from THE HILL in September of 2023, *Fraud is gobbling up one-fifth of SNAP benefits; Congress must act to stop it.*<sup>2</sup> That 1.5 percent is 11.5 percent, ten times more than what we are led to believe if you read social media.

So I am not trying to be confrontational, Mr. Secretary. And we have had lively discussions in this Committee that Republicans apparently don't care about people who care about food hunger. We do. I am just saying that to plan this effectively, we need to address these issues that are real. You can say that people don't receive SNAP benefits, but your own USDA says that they do. And you can say the fraud is low, but those numbers are not correct, and that was exposed this year.

Secretary VILSACK. No, let's be clear about this. I am saying that people who are not here legally are not allowed to, or are, participating in SNAP. I will acknowledge that we have work to do on fraud, but I will tell you, it is our partners who have work to do. It is the states who administer these programs. It is the states that we are encouraging them to get back to interviewing folks. States are resisting that. I just recently sent a letter to a number of Governors encouraging them to do a better job of overseeing this program. So I agree with you that we need to make sure that we are keeping an eye on fraudulent activities.

<sup>2</sup> **Editor's note:** the article referred to is located on p. 132.

Mr. DESJARLAIS. I am just afraid hungry Americans are not going to receive the benefits they need if we don't address this issue. It is real. I have been imploring different agencies, including USDA, to get real numbers and transparency. I hope that some of my letters and questions will be answered.

I kind of want to finish on a more fun note. We have talked about the walking horse industry in Tennessee before, you and I, and it is my understanding that there is a proposed rule that is currently being reviewed by OMB. And, we had hoped that the PAST Act supporters and the industry could come to agreement on how to best move forward. But now that is not really the impact. I am curious. Have you ever been to the Walking Horse Celebration in Shelbyville?

Secretary VILSACK. I have not been to the—

Mr. DESJARLAIS. Okay. This summer, Chairman Thompson, and he just left—Rep. Jonathan Jackson joined John Rose and I at the stable, and I think it is fair to say—not to put words in the Chairman's mouth—he was a skeptic, probably a PAST Act-supporter, maybe Jonathan, too. But they had a really great experience, and they inspected for themselves. They both rode walking horses, and the walking horses could handle both of these guys, and they are pretty big fellas. So I would love to invite you down, let you go for a ride. It is really smooth. I think you will smile as big as the Chairman did. And I know that the celebration will be coming this summer, so I would like to give you a standing invitation to join us, come look at it for yourself.

Thoroughbreds were dropping dead on the tracks at all three major races, at the Preakness, the Belmont, and the Kentucky Derby. I have never seen a walking horse drop dead. And the PAST Act is just that. It is living in the past. There was problems years ago. They have been corrected, and I would love for you to come and see it and see what a wonderful industry this is.

I yield back.

The CHAIRMAN. The gentleman yields back. And I would have to say it is a pretty smooth ride actually, a large animal that was a little intimidating to crawl on, but it was a good ride.

I am now pleased to recognize Ms. Caraveo from Colorado for 5 minutes of questioning.

Ms. CARAVEO. Thank you, Chairman Thompson and Ranking Member Scott, for hosting today's hearing.

In particular, given that it has been, I think, 6 months since we were in this room, 6 months of delay because of the dysfunction and Congress' inability to do its very basic jobs, and that interfering with incredibly important discussions that producers and consumers and I think all of our districts have been waiting for us to have in particular around the farm bill. And so thank you, Mr. Secretary, for being here this morning.

As you know, Congress did make incredible investments in the Inflation Reduction Act before the 118th to expand clean energy in rural America. We appreciate your work and your listening to rural Americans when designing the USDA programs. I know in Colorado I have heard overwhelming interest in the IRA rural energy programs, which include REAP, PACE, and the Empowering Rural America Program, or New ERA. These grant programs represent

jobs and economic growth in my district. And I was very pleased to see recently projects in Platteville and Longmont selected for the New ERA program.

Because of the popularity of these programs, the reality is that they are dramatically oversubscribed, as we have heard today. New ERA, for example, is four times oversubscribed, which I believe shows how important this program is to electric cooperatives across the country, regardless of politics, and how important it is for our cooperatives to see this kind of long overdue investment. It is great to see this and to highlight the excitement of rural co-ops across the country.

So, Mr. Secretary, for New ERA, can you share an update on how we might see applications start to move forward in the process?

Secretary VILSACK. We are in the process of completing the evaluation of approximately 70 projects of the number that was submitted, as you indicated, it was a very popular program and oversubscribed, in an effort to try to determine which of these programs are feasible from a technical standpoint and from a financial standpoint. Once those evaluations are done, those projects will be ranked. And then we will basically compare those rankings to the resources that are available and begin a more detailed conversation to assert whether or not in fact the project is worthy of commitment.

I think our goal is to try to get awards sometime later this year. In the meantime, we are aggressively promoting the REAP program, over 5,000 REAP grants already awarded. We are going to see awards on a quarterly basis, and you will see PACE awards here sometime this spring.

Ms. CARAVEO. I really appreciate that update. It is clear that USDA agencies, staff, and officials have expended a huge amount of effort and time to get these programs up and running, and program applicants have spent a lot of time and capital to write and submit applications. Considering that, could you estimate the implications and costs for USDA and the applicants of reopening and amending these programs at this stage where USDA has already received and begun to review applications?

Secretary VILSACK. Well, I don't think—we are not in a circumstance, I think, where you reopen unless there is additional resources that become available. Then, we would be happy to take a look at what additional projects could potentially be funded. But we have a limited resource, and we are working within the constraints of those resources.

Ms. CARAVEO. Thank you. I appreciate that.

Switching gears, I would like to join my colleagues in reiterating the importance of strong nutrition programs at the USDA. Last week, I had county commissioners here from my district who shared the steady increase they have seen since the pandemic that is unprecedented with no sign of slowing down. In fact, SNAP applications in one of the largest counties in my district are up 26 percent. They are not down. And so I think it is very important to remember the implications of SNAP. And when we talk about, first of all, who gets SNAP, 96 percent of SNAP participants are U.S. citizens, only four percent are not citizens, and three percent of those are lawful permanent residents. And, most importantly for



me as a pediatrician, 42 percent of SNAP recipients are children. Children, like the ones that I saw in clinic every day where  $\frac{2}{3}$  of the kids that I saw did not have enough to eat, and were it not for SNAP, would not have anything to eat.

So can you quickly expand more on the impact of SNAP on families and the children that we always purport to care about in this Congress?

Secretary VILSACK. Well, there is research that indicates that the SNAP program is one of the most if not the most effective anti-poverty program that we have. There is also research to show that when you essentially provide adequate SNAP benefits, families purchase more nutritious food and have better health outcomes for their children.

Ms. CARAVEO. I thank you for the support that you give to those children with your work every single day. And thank you once again for answering those questions. I yield back.

The CHAIRMAN. Ms. Caraveo, thank you very much.

I now recognize gentleman from North Carolina, Mr. Rouzer, for 5 minutes.

Mr. ROUZER. Thank you, Mr. Chairman.

Just a note about large farms *versus* small farms, it is only the larger farms that can survive the onslaught of the government—Federal, state, and local—so the smaller ones go out of business and the bigger ones get bigger because it is the only way they can survive. Anyhow, commentary there.

Mr. Secretary, chicken plants across the country have been operating at higher speeds for more than 25 years through the FSIS line speed waivers, as you know well. Under President Clinton, a study allowed 20 poultry plants to operate evisceration lines up to 175 birds a minute. Plants invested, therefore, millions in technology, grew their partner farms to supply the poultry needed, and maintained worker safety and inspection standards all the same.

Now, these positive pilot results led to the new poultry inspection system. Today, 47 plants operate under this system. Farms all across North Carolina have built operations to support increased capacity, and plants have designed staffing and facility needs around these speeds. Now, OSHA data from 1994 to 2019, when substantial line speed increases were put in place, shows illness and injury down 91 percent, evidence that faster line speeds don't compromise worker safety.

Now, a 2020 proposed rule incentivizes more plants to adopt these improved processes and new technologies while increasing speeds but was repealed by this Administration. Instead, your agency informed companies with line speed waivers that to keep them they were required to, quote, "opt in" to a study on worker safety being conducted outside of the agency.

Now, I want to point out to the Committee that this was a sole-source contract and not a competitive bid, and no member of the study team is from a land-grant institution with knowledge of the chicken industry, but instead are associates of the University of California system. Now, a member of that study team testified in front of OSHA against a company participating in the study and has vocally critiqued a number of other plants. Considering the work of other team members and the information requested before

each plant visit that far exceeds the scope of the study, there is a clear bias against the industry and leads any objective observer to the conclusion this is a “gotcha” operation.

Mr. Secretary, real quickly, can you submit, and are you willing to submit in writing, how much is being spent for the study, the source of that funding, and how the team members were selected? And why are they all associated with the University of California?

Secretary VILSACK. Be happy to respond to questions, but I think it is fair to say that there is litigation that is essentially driving a lot of this effort. Issues were raised concerning worker safety as a result of this line speed, and this is a process of trying to make sure that we get the right data, the significant data to be able to support whether the line speeds are, in fact, a result of additional worker injury or not. If they are not, then obviously, line speeds are going to continue. If they are, then there is going to have to be some adjustment. But we just don't have all of the data we need, and that is the reason why we have entered into an agreement with the producers. This is not a situation where they were—they had the choice. They had the choice. And these plants chose to participate in this study.

Mr. ROUZER. Yes, they chose to participate in the study and in good faith, and it has turned into something that they didn't anticipate. Aren't you concerned—

Secretary VILSACK. Well, that is—

Mr. ROUZER.—about a bias study here given the circumstances?

Secretary VILSACK. I don't think you should prejudge the study. The study hasn't been concluded yet.

Mr. ROUZER. Well, the old adage—

Secretary VILSACK. Why don't you wait to see what the study is?

Mr. ROUZER. Pardon me, but the old adage *personnel is policy* certainly applies here.

Now, I got to move on quickly to another matter. USDA is currently developing the next set of *Dietary Guidelines*, and this is specific to alcohol. Federal law requires that scientific and medical knowledge support any changes to the *Dietary Guidelines* on the consumption of alcohol. How is the technical committee process ensuring that this mandate is followed? Have you been following that?

Secretary VILSACK. I haven't, and it is my understanding that this is outside of the *Dietary Guideline* conversation.

Mr. ROUZER. Well, alcohol has always been included in *Dietary Guidelines*, but this takes it outside of the scope of *Dietary Guidelines*. That is the issue.

Secretary VILSACK. Well, I think that in an effort to try to make sure that there is a deeper review and dive on this issue, I suspect, for future *Dietary Guidelines*.

Mr. ROUZER. Well, I just mention this. There are a lot of growers around the country that produce a product that is used for adult beverages that have a great interest in this, and I would like to follow up with some written questions as well.

I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman yields. I am now pleased to recognize the Congresswoman from Illinois, Ms. Budzinski, for 5 minutes.

Ms. BUDZINSKI. Thank you, Mr. Chairman. And thank you, Secretary, for joining us here today and engaging with us on a host of really important issues. I want to just take a moment to say, again, thank you so much for joining me last summer at the Farm Progress Show in Decatur, really appreciated you joining me there for that.

Last fall, as a response to what I had heard from farmers in my district in central and southern Illinois, I led a letter with Congresswoman Pingree and Congressman Costa, along with all the Democrats on the Committee, outlining our shared priority to protect the Inflation Reduction Act climate-smart conservation funds. These funds, as you know, have provided a historic investment into our farms and have already served many rural farmers in my home State of Illinois.

I was also very excited to see that 100 percent of the obligated IRA dollars made it into the hands of farmers in Illinois. And to my colleagues, I would encourage you to explore the new Inflation Reduction Act data visualization tool that the USDA put out yesterday to see the difference that the IRA has made in your home states.

I also want to take a moment to celebrate the release of the 2022 Ag Census yesterday. Champaign County in the 13th Congressional District, my district, was a top ten producer of both corn and soybeans in the United States.

So number one, my question, a central theme of my first term has been creating opportunity. I had bills to improve land access, to increase research funding at USDA, and to expand markets for farmers, all of which I hope will be a part of the farm bill base text. Secretary Vilsack, can you speak to how the Inflation Reduction Act funding for climate-smart conservation has created opportunities for farmers?

Secretary VILSACK. Well, I think the bottom line is I think farmers understand what they need to do to improve soil health and water quality, and I think they are deeply interested in doing more of this, but they need help and assistance. And I think that is why they responded as they did to the additional resources of the Inflation Reduction Act, over-subscribing all of the programs. We saw a tremendous initiative with our Regional Conservation Partnership Program, which is really large-scale landscape activity, where we saw over \$1 billion of requests for a limited sum, about \$400 million. So the farmers are responding by saying, "Give us more, help us do more of this, we are anxious." And we saw the same reaction to the Climate-Smart Agriculture Partnership Initiative, where we can create commodities that are utilizing conservation programs, and the result of that then provides a market opportunity for them, a value-added market opportunity.

Ms. BUDZINSKI. Thank you. And I just had another question on EQIP. In 2022, almost three out of every four EQIP applications, as you know, across the country were denied, and only about half of all those approved applications got funded. And so I consistently hear from farmers in my district that they want better access to these conservation programs. Is farmer demand meeting or even exceeding expected outlays of IRA money to bridge this gap?

Secretary VILSACK. It is exceeding the resources that are available. I think there are two issues here. One is making sure that you have adequate staff and adequate technical assistance to help the farmers decide what they need to do. And then two is making sure the resources are there. And recently, a third issue has cropped up, which is trying to figure out ways in which we can speed up the process. And NRCS has streamlined the process. They have looked at ways in which they can have pre-approval so that resources can get into the field more quickly than in the past. So I think it is a combination of all three of those things to try to meet the need. But if you take resources away from the IRA, obviously, that is going to impact and affect our ability to do more work.

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

The CHAIRMAN. The gentlelady yields back. I now recognize the gentleman from Mississippi, Mr. Kelly, for 5 minutes.

Mr. KELLY. Thank you, Mr. Chairman.

Mr. Secretary, I first want to say I concur with almost everything Mr. Rouzer said about the poultry. In 2022, at your direction, USDA informed poultry companies with line speed waivers that to continue to reap the benefits of operating at higher speeds, bringing more chicken to the market during historic inflation and record-high food prices, they had to opt in to this Pulse study, a study being conducted by researchers whose bodies of work evidence significant bias against the chicken industry. Yet when reading from USDA's Food and Safety Inspection Service constituent update of July 29, 2022, it says, "Establishments with a current line speed waiver must agree to participate in the study and provide worker safety data in order to receive a modified waiver." That update directly contradicts the narrative that plants were allowed to opt into this study on a voluntary basis.

USDA demands that they participate in order to keep their higher line speeds. A decision would be hard for plants to make since they placed orders months in advance and would risk taking a significant amount of supply offline if they went back down to slower speeds. The companies that have continued with their waivers have since been subject to researchers in their plants, who are going far beyond their intended purpose of determining what threat if any increased line speeds posed to worker safety.

Mr. Secretary, can you explain why your Department lauded this waiver participation as voluntary when it clearly is not voluntary?

Secretary VILSACK. There is litigation, Congressman, and essentially, in an effort to try to avoid a complete shutdown by a court order of line speed increases, we basically created the opportunity for folks to continue to convince the court that this was a good-faith effort to make a determination whether or not there were unsafe practices involved. So if we had done what you are suggesting, essentially, what would have happened is judges would have shut us down. And this happened in our pork line speed issue. Judges will enjoin the use of line speed, and everybody would have had to slow their lines down. So you tell me. Would you have preferred everybody slowing their lines down, or would you have preferred creating an option for people to continue at the line speeds that they had invested in?

Mr. KELLY. I would prefer to have a researcher that is not in there to do something opposite of what they are intended to do.

Secretary VILSACK. Don't assume the outcome of this study until it occurs.

Mr. KELLY. I would just tell you, I spent a lot of years in the Army, and when an inspector comes in, they generally find what they are looking for if they are looking for certain things, whether it is there or not. And I can just say from experience that an IG inspection could be either good or bad depending on the intent of the inspector.

Next question, though, Mr. Secretary, I have heard from many producers about constant challenges with the H-2A program regarding regulations and rules issued by the Department of Labor, one of which was issued almost a year ago requiring employers to pay varying wage rates to H-2A workers based on their daily job function. This rule has put the potential to double wage rates for employers, not to mention at a huge regulatory burden to try to track the work of every employee throughout the day through each task that they do. Did the Department of Labor consult with USDA on this rule?

Secretary VILSACK. We have an ongoing conversation about rules relating to farm labor, and I think the reason this rule is structured the way it is, is because there was a general wage rate being applied to a variety of jobs, some of which required significant qualification and were much more complex. And so I think the effort by the Labor Department was to try to respond to the value of that service.

Mr. KELLY. Yes, but they kind of went overboard here. So small farms are at a high disadvantage here. I guess we are trying to put them out of business. You are out there, and you are picking up potatoes, digging sweet potatoes or loading them on the truck, and they need you to drive a pickup truck to the store to pick up a part. And all of a sudden, you get classified at the rate of a truck driver at \$40 an hour instead of \$20 hour. And driving a pickup truck is not driving a big truck, but they still classify you as a truck driver, and so you have to be paid that wage for the remainder of the day and the remainder of time that you work there. You do see where this could be very confusing and very hard on small operations.

Secretary VILSACK. Well, that is one of the reasons why it would have been helpful if you all would pass the Farm Workforce Modernization Act. Then you wouldn't have had to deal with this.

Mr. KELLY. But we didn't make this rule. But we didn't make this rule.

Secretary VILSACK. Well, you did in a sense. In a sense, you made it by not creating the opportunity for a structured, stable, secure, predictable system.

Mr. KELLY. I would just say, as the Secretary of Agriculture, it seems to me that anyone with even a layman's understanding of farming would have flagged how problematic and how burdensome this rule is to our small operators. And they literally cannot compete because of over-burdensome regulations. When you have to track every task that a worker does every day, we will have more people tracking their tasks than we do actually doing the work.

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

The CHAIRMAN. The gentleman yields back. I am now pleased to recognize the gentlelady from Maine, Congresswoman Pingree, for 5 minutes.

Ms. PINGREE. Thank you very much, Mr. Chairman. Thank you so much, Mr. Secretary, for being here today. I really appreciate all the things you have been talking to us about and your very thoughtful answers. And I, as a Member of the Appropriations Committee, just want to thank you for reminding everyone in the room that passing an appropriations bill is critically important. If we are all going to talk about the importance of getting a farm bill done, we have to remember that we need the funding for your agency as well and that the 18 percent cut that was proposed is ludicrous. So I am counting on my good friend, Mr. Bishop, for fixing all that before we take it to the floor, but let's just hope we can eventually get that to the floor.

We have been talking a lot about climate change and disaster resilience and really what I see now as this extreme weather that all of us are facing and our farmers are facing. And you were very kind to come and visit us in Maine last month right after we had had some horrendous storm in December that caught our forestry and farming folks off guard and really impacted our state with the flooding and the high winds. One of the farmers we showed you some pictures of was Chuck Noyes, a dairy farmer in Albion, Maine. He lost two buildings and a roof, and his insurance does not cover rebuilding the barn, and he is not sure if he is going to get the roof replacement.

But a few days after you visited, we had two more storms back-to-back that really impacted our coastline, so that was our working waterfronts and our fishing community, more significant damage.

And I like to remind people, this wasn't the only bad weather we have had. We had frost that destroyed our fruit crops in the spring. We had wet weather in the summer that left hay that couldn't be harvested or in such poor condition that our dairy farmers and livestock farmers have to supplement the diet this winter with increased grain and corn silage. This is going to continue to impact our farmers.

And I just want to talk a little bit about the tools you are trying to provide to help farmers to be more resilient. We all want to make sure there is disaster relief aid, and we appreciate your request for more of that because it is getting more and more expensive. But so much of what you are doing is to try to prevent the disasters that we are facing in terms of how farmers deal with drought and flooding. And so can you talk a little bit about what the work you are doing is to help farmers have more resilient fields and to deal with some of this adverse weather?

Secretary VILSACK. Well, I would say there are three or four steps that we are taking. First of all, we continue to focus some of our research efforts on figuring out exactly what works and what doesn't work in the field to basically create a more resilient farming operation and certainly would encourage continued investment in our research initiatives.

Second, the Climate-Smart Agriculture Commodity Initiative, 141 projects across the United States, all major commodities, looking at 205 different practices to determine the viability of those

practices in terms of resiliency and sustainability. I think we are going to learn a lot from that experience. We have nearly 100 universities, minority-serving institutions involved and engaged in that effort, and we are now beginning to see a lot of interest in that.

We have mentioned today a number of times the IRA and the investments in conservation, whether it is the EQIP or CSP or from a large-scale landscape basis, the Regional Conservation Partnership Program. That also is, I think, significant. We are also using our risk management tools to encourage more cover crop activity by providing incentives for the use of cover crop, and this most recent Ag Census indicates that that is beginning to work as we see an expansion of cover crop activity. So it is across-the-board efforts to try to make sure that we are a good partner with farmers, ranchers, and producers.

Ms. PINGREE. Yes, thank you for that. And I do want to say, I know it comes up often, people criticize your use of the CCC, Commodity Credit Corporation, and having that flexibility. Sometimes it is talked about like it is a sacred cow, but I really appreciate how you are putting it to beneficial use, as you said, doing the kinds of research and the projects at all different scales around the country so people really have the examples of what to do, so thank you for that.

One more specific question on the Organic Market Development funding, I know you have talked a lot about how you get farmers extra income, and growing organic produce or organic food for the market is often that. I am really pleased to see that the USDA is providing ten Organic Market Development grants to address gaps in the organic market like processing, transporting, and consumer markets. Can you tell us a little bit about the demand for the program, where the funding for the program is coming from, and how we can support more of that organic market work?

Secretary VILSACK. There are, I think, two initiatives. The American Rescue Plan Act of 2021 (Pub. L. 117-2) provided resources for us to establish an Organic Marketing Assistance Program. The application period for that program is still available I think through October of this year. There has been quite a bit of interest in that to assist farmers in terms of offsetting the cost of marketing.

And then, as you indicated, we really wanted to take a look at trying to right size if you will the supply and demand of organic opportunities across the country. And so we have awarded a number of entities resources to be able to tell us, how do we create demand? How do we make sure that the demand is being created where the supply is? Or conversely, how do we create the supply where we already have demand so that we basically right size?

We have also created a transition program, making it easier for people who want to become organic producers to be able to do so with mentoring, with assistance on conservation costs associated with the transition, and with some risk management opportunities as well. So it is a combination.

Ms. PINGREE. Thank you. I have gone over my time. Those are great answers. And I appreciate the Chairman indulging that extra minute. Thank you so much, Mr. Secretary.

The CHAIRMAN. I thank the gentlelady. I now recognize the gentleman from Nebraska, Mr. Bacon, for 5 minutes.

Mr. BACON. Thank you, Mr. Chairman, and welcome here to Mr. Secretary. I appreciate you being here today.

I have two questions. One is cybersecurity, and then a follow-up on trade. A first on cybersecurity. There was a recent article published in the *Joint Force Quarterly* kind of weaponizing wheat. It was written by an Air Force Lieutenant Colonel Scheuerman, and he assesses the security status of America's food supply, and his findings are disturbing.

So, Mr. Chairman, I would like to submit that for the record, this article.

The CHAIRMAN. Without objection.

[The article referred to is located on p. 134.]

Mr. BACON. In the article, Lieutenant Colonel Karl Scheuerman identifies agricultural cybersecurity as one of the most pressing threats to our agriculture. Russia is a top cyber adversary known for targeting cloud infrastructure, for example. We have had cyber attacks on industry leaders like JBS, who are seeing state-sponsored attacks that have caused real-world effects targeting critical infrastructure like grain storage facilities.

So, Mr. Secretary, I have been working on a bill for a couple of years called the American Agriculture Security Act of 2024. It establishes research centers at our American land-grant institutions across the nation with a purpose of researching physical and biological cyber threats to American agriculture. These centers would be structured and operated like the UARCs that we see used by the DOD, and they have shown a lot of promise with our military.

So, Mr. Secretary, what is your take? Would this move us in the right direction for helping provide better cybersecurity? Or what else can we be doing to protect our farmers?

Secretary VILSACK. Well, Representative, it will if it is adequately funded. It is not enough to set up a center unless you have the resources behind it. But I think you are right to put a spotlight on this. And certainly land-grant universities are already doing some of this, perhaps not as in coordinated fashion as they need to.

At USDA, we are really focused on making sure that the private-sector is hardening their assets, hardening their IT against these kinds of attacks? Obviously, you mentioned JBS. When something like that happens, our role and responsibility is to evaluate the impact on the market of a disruption, a significant disruption, which we did in that case, and to convene the industry to remind them of the importance of investing in protection. There is an inter-agency effort in this Administration to sort of focus on cybersecurity and on AI in particular and taking a look at the entirety of our portfolio from food safety to SNAP bias to market manipulation to trade policy. It is all-encompassing.

Mr. BACON. Now, our DOD runs something similar with the UARCs, and it has been very successful. You are right; they have to be funded.

My second question is on trade. If I had to provide the number one feedback or maybe criticism of the Administration that I hear from Nebraska producers—and I believe would be in your home



state as well in Iowa—is we don't hear much from the Administration on trade. In fact, I very seldom hear the President discussing trade at all. And just like Iowa, Nebraska is very dependent on beef, pork, corn, wheat, sorghum exports. So could you tell us, what is the Administration doing, and, hopefully clearing up the misperception if anything?

Secretary VILSACK. Sure. Well, first of all, it was mentioned by Representative Scott the establishment of the Regional Ag Promotion Program, nearly \$1 billion being invested at the request of Senator Stabenow and Senator Boozman, a bipartisan request to invest in trade. Focusing on diversification of our market opportunity, we are over-reliant on our top four markets from an ag perspective, and so we want to put resources to increase our presence, our promotions, and our partnerships in a number of countries, particularly in Southeast Asia, number one.

Number two, I think the focus people have on when they define *trade*, they talk about it in terms of trade agreements. I mean, the reality is you don't have trade promotion authority, so it is very difficult to imagine a trade agreement being negotiated when the people we are negotiating with realize that there are 535 folks who can negotiate again. So without trade promotion authority, that is an issue.

So in the meantime, we are working on trying to reduce barriers. And I can tell you that roughly \$21 billion of trade opportunities have been created or maintained as a result of wins looking at reducing trade barriers. The UK and wood pellets and biomass; Canada and the clean fuel regulation; Mexico and potato access; Japan, beef quota, higher-blend ethanol availability; India, preservation of apples, expanded cherry access; the Philippines, expanded access to pork; China, almonds and almond hulls recently; Argentina, apples and pears; Israel, processed meat and eggs. There are a whole series of things that have occurred over the last 3 years. The cumulative impact and effect of them is either to protect or to expand trade opportunities.

So that is what we are up to. We are expanding trade missions and considering reverse trade missions where we bring people from other countries here in the U.S. So it is a combination of many things that don't necessarily get headlines, but are particularly effective in terms of trade.

Mr. BACON. Thank you. As you know, the Iowa farmers and Nebraska farmers, we like to feed the world. Thank you. I yield back.

The CHAIRMAN. I thank the gentleman from Nebraska. I am now pleased to recognize the gentlelady from Washington State, Congresswoman Gluesenkamp Perez.

Ms. PEREZ. Thank you, Mr. Chairman. And thank you, Mr. Secretary, for being here.

We actually just had Under Secretary Torres Small visit our district. And to Representative Bacon's point, we actually had a really productive conversation around trade and foreign access to our apple growers.

So our state, Washington State, particularly on the west side, is dominated by much smaller producers. Right now, we only have 5,700 farms. Their average size is about 158 acres, so much smaller. We are losing a lot of our small- and medium-sized producers,

as you might be familiar with. And, at the same time, I am seeing really troubling reports that, on average, the American consumer, about 40 percent of the fresh fruits and vegetables they consume are from overseas or from our trade partners here. So this together paints a really troubling picture that our smaller producers are really in trouble and getting squeezed out of the market.

And I want to make sure that we have a farm system that allows the small- and medium-sized farms to thrive. They shouldn't have to depend on agritourism or value-added propositions like a solar farm to survive in my view. These are really important ventures on their own merits, but they shouldn't be necessary for farmers that want to continue and pass on their farm to the next generation.

So I am asking just what are your thoughts on this? What is the USDA currently doing to support the stability and viability of these small- and medium-sized producers, and how can Congress be a better partner in this work?

Secretary VILSACK. Congresswoman, I would be happy to come to your office and give you a rather extensive discussion about what we are doing. Climate-Smart Agriculture Commodity Initiative, helping smaller-sized producers get a value-added proposition; having farmers qualify for ecosystem service markets, and when they do the right conservation and there is a conservation benefit and a greenhouse gas reduction or carbon being sequestered, they are getting paid for it; the use of the Renewable Energy for America Program to reduce the cost of electricity and maybe even producing excess electricity, which could be combined with their neighbors to provide a transition for the rural electric cooperative, creating a new energy commodity; expanded access to processing, local processing, over 400 projects invested by USDA in the last 3 years; focusing on local and regional food purchasing agreements. We have provided your secretary, your commissioner, your director of agriculture in Washington with millions of dollars, encouraging them to have direct connection and contracts with local producers, small producers to be able to provide those fruits and vegetables for schools and for the food banks, using our procurement dollars as well for that purpose. Reducing fertilizer costs with investing in new fertilizer capacity in the U.S.

So there is a broad array of strategies, and the goal here is to create new income streams so it is not just the commodity that they are selling that they have to survive on because the reality is they also have an off-farm job. That is how they are surviving. The question is, do we have to have the farmer have the off-farm job, or can we figure out the way the farm can have three or four different sources of income simultaneously? I would be more than happy to show you the investments that we have made, the extent particularly as a state, in Washington specifically.

Ms. PEREZ. Yes, we are very excited about some new growth in processing in particular, so thank you for the support there.

I wanted to change gears just a little bit and talk about another really important issue for my district, NAAQS, so effectively addressing the wildfire crisis, it requires forest management activities, including removing trees and other low-value material. Timber sales, working in conjunction with other tools like prescribed burns,

habitat restoration and reforestation where appropriate will ensure that we can have safe and resilient forests while growing rural economies.

Last week, the EPA updated PM<sub>2.5</sub> NAAQS rule, which will significantly tighten air quality standards. I am concerned about the impact this new rule will have on our forest product industry and our ability to conduct prescribed burns. When I burn the bacon, it is probably reaching air quality standards that might trigger in my house. And so we lost 731 acres in the Gifford Pinchot, and I want to make sure that we are utilizing every tool at our disposal.

Could you speak to how USDA and EPA are working together to promote the use of prescribed fire? And generally, how can we be better partners when tackling the wildfire crisis?

Secretary VILSACK. We entered into an MOU with the EPA to avoid a restriction on the use of prescribed fire as it relates to that particular regulation. So that was a result of negotiations and recently concluded in a signed MOU. Also, we have our Wildfire Crisis Strategy where we are investing resources from the infrastructure law in the IRA into more hazardous fuel reduction. And finally, we are creating market opportunities for that wood by developing cross-laminated timber projects and by focusing on wood innovation.

Ms. PEREZ. Thank you, Secretary. I yield back.

The CHAIRMAN. I thank the gentlelady. I now recognize the gentleman from South Dakota, Mr. Johnson, for 5 minutes of questioning.

Mr. JOHNSON. Thanks, Mr. Chairman. Thanks, Mr. Secretary, for being here. You and I have had productive conversations in the past about the fact that managed forests are healthy forests, and unmanaged forests are tinderboxes. Unfortunately, I think for a lot of different reasons, we have seen the volume of timber sales decrease. The last information I saw was that 80 different units had failed to meet their harvest targets in the last 5 years.

And, the Black Hills National Forest, this is important to us. We were proud to host the first Federal timber sale in 1899. We have been dealing with these issues for a long time. What can we do together to better provide these forests the treatment that they need?

Secretary VILSACK. Well, I think there are two issues here. One is the forest itself, and I think our Wildfire Crisis Strategy is directly designed to increase activity where it needs to be increased in order to reduce the risk of catastrophic fire, and so continuing to invest in that system is important. You provided a down payment with your Bipartisan Infrastructure Law. That is going to take us through a couple of years, but, as you know, this is going to take a decade or more of commitment. So that is number one.

Number two is making sure that we also have activities for our mills. I know that that has been an issue particularly in the Black Forest area, which is why we are literally transporting wood from the western states to that mill in South Dakota so that it maintains viability. We are continuing to do that.

Mr. JOHNSON. And I do want to give you kudos for that, Mr. Secretary. When I had first heard the concept, the idea that there would be timber from elsewhere brought in, I thought there is no way the bureaucracy is going to make that happen. And the fact

that it has happened, I think, is a testament to you and your team. I think Chris French and others have done a good job of telling me that you all want to get these things done, these things meaning more timber sales, more treatments so we can have healthier forests. I think there are still just—it seems like there are a lot of holdups. It feels like there is some bureaucracy maybe further down the food chain, and so I am going to continue to look forward to working with you and your team to do what we can to maybe hit more of the center of the target.

I also want to talk a little bit about high-path. I mean, obviously, this country has got a lot of great poultry producers. And in South Dakota, we have a lot of turkeys, we have a lot of pheasants. We have seen, as a country, 81 million dead birds as a result of high-path. I mean, I think it is a terrible situation, just devastating the industry and devastating to these growers that, as of right now, are the only real solution when we have an outbreak is a total depop. Talk to us a little bit, Mr. Secretary, about are we getting closer to developing a vaccine solution that would not unduly harm trade so that we can have some alternative to total depop?

Secretary VILSACK. Representative, you have asked a pretty tricky question there by adding that trade piece because there is clearly a distinction between if you are a broiler and the broiler industry, that is a concern. If you are in the turkey industry or the egg-laying industry, you are in a different place.

Here is where we are with vaccines. I would say we are probably 18 months or so away from being able to identify a vaccine that would be effective for this particular HPAI that we are dealing with now. The problem, of course, is it mutates, and so you have to basically create ultimately a vaccine that is available for all strains, right? So there is that issue.

The second issue is how do you deliver the vaccine? Do you deliver it in a way that is efficient and effective and less expensive or is an injection required? Well, when you are talking about hundreds of thousands of birds, that is difficult, so we are trying to develop that process for distributing the vaccine.

Then the other issue is whether or not you can get to a point where, by vaccinating, you can distinguish between a bird that has been vaccinated *versus* a bird that is actually sick, and we are working on that. So we have work to do. There is a commitment to get it done. There is a commitment to begin the conversation on the trade side, to begin asking our trading partners, how do you feel about this, what are your concerns about it, so that we eventually, sometime down the road, get to a point where I think you want us to be. But it is going to take—it is very complex, and it is going to take some time.

Mr. JOHNSON. So you are talking 12 to 18 months?

Secretary VILSACK. Twelve to 18 months just to get the vaccine for this particular type, not that is true for every type. We still have work to be done on how to actually administer it, and we are nowhere near being able to do it from a standpoint of the impact of trade. We would have a circumstance where, if we vaccinated today, I think we would have a number of our trading partners saying we are not interested in your chickens.

Mr. JOHNSON. Thanks, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman yields back. I am now pleased to recognize Ms. Adams from North Carolina for 5 minutes of questions.

Ms. ADAMS. Thank you, Mr. Chairman, and thank you as well to the Ranking Member.

Good morning, Secretary Vilsack.

Secretary VILSACK. Good morning.

Ms. ADAMS. Thank you for coming back to testify. I do appreciate the opportunity to speak with you. I appreciate the range of issues that you have raised today, and I want to follow up on them again, equity in USDA and in agriculture, USDA's purchasing power, addressing competition, and distributing resources to distressed and disadvantaged farmers via the IRA.

But I especially appreciate you naming food insecurity as an issue because I want to address something that we have been hearing in and around this Committee as we approach a farm bill. Recent pay-for proposals have suggested that requiring the Thrifty Food Plan be held cost-neutral in future evaluations would save something like \$30 billion over a 10 year projection. These proposals have been accompanied by a talking point that that says not a single recipient of SNAP will lose benefits. I worry that that is not true. Pulling cuts from future benefits and calling them savings, concluding that there will be no cuts I think it is just disingenuous.

The Thrifty Food Plan is the backbone of SNAP as it helps to determine the amount of dollars that our neighbors who are enrolled in the program get each month as they face the harsh reality of inflation in the grocery checkout. In my district, participants in my Adams Hunger Initiative, who represent over 30,000 people on SNAP, celebrated the long-overdue reevaluation of the Thrifty Food Plan in 2021 and they fear any threats to keeping Thrifty up to date in perpetuity could spell trouble.

I understand that during previous Thrifty Food Plan revaluations, an administrative decision was made to hold them cost-neutral. And so the consequences of this decision resulted in absurd assumptions about how low-income families would have to stretch their food budgets. For example, prior to 2021, the Thrifty Food Plan assumed a weekly diet of a family of four would include 12 pounds of potatoes, 25 pounds of milk, 20 pounds of orange juice, 5 pounds of fresh oranges, and I don't think any of us could reasonably eat a diet consisting substantially of potatoes, milk, oranges for long periods of time, let alone get our children to do that.

So my question is how would holding future Thrifty Food Plan revaluations cost-neutral impact the ability of the Thrifty and therefore SNAP benefits to be based on a realistic food plan? And could it undermine our ability to improve the diet of SNAP participants by making it more and more difficult for them to afford more expensive, but critical foods like fruits and vegetables?

Secretary VILSACK. The only data point I have, Congresswoman, is the fact that when we basically looked at the Thrifty Food Plan based on what actually is happening for American families at the grocery store, based on data that was specific, that was based on the scanner activities and information, what we saw was that we were under-funding, if you will, the foundation of the SNAP pro-

gram to the tune of 20+ percent. So I think the challenge and the problem is if you try to maintain a steady course, you are essentially going to transition away from looking at what is happening at that particular time in grocery stores. And over time, you are going to create a benefit that will not adequately support the families that need the help.

Ms. ADAMS. Okay. Well, thank you, sir. So switching gears a little bit, I am pleased to see the ongoing commitment to the 1890 and 1994 land-grant universities included in your work on NextGen and your letters to Governors with Secretary Cardona about land-grant funding, because, for too long, these institutions have been under-funded. So can you discuss briefly how you would ensure that 1890s are being brought to the table in conversations about future research, education, and extension priorities?

Secretary VILSACK. We have taken a look at ways in which we can incorporate historic black colleges, universities, and for that matter, all minority-serving institutions and many of our programs. They have taken full advantage of the Climate-Smart Commodity Partnership Initiative. You mentioned the NextGen program. Our Scholars Program is at record levels of participation. We have increased research. We have established more Centers of Excellence at HBCUs. Most recently, the precision nutrition effort at Southern University, we are looking at the possibility of establishing a veterinarian school at the Eastern Shore of Maryland. And so there are, I think, a lot of exciting opportunities for us to continue investing. We obviously need a budget, and we need a farm bill to be able to continue to do that.

Ms. ADAMS. Great. Well, thank you very much. As a proud HBCU graduate 1890, 40 year professor at an HBCU, I appreciate all of your support. Thank you very much.

Mr. Chairman, I yield back.

The CHAIRMAN. The gentlelady yields back. I now recognize the gentleman from Iowa, Mr. Feenstra, for 5 minutes of questioning.

Mr. FEENSTRA. Thank you, Mr. Chairman, and thank you, Secretary Vilsack, for being here. You and I have a lot of commonalities, obviously, you being our Governor for many years. And so I just want to talk about what is happening in Iowa a little bit, what I am hearing. I was in Buena Vista County, talked to the 250 pork producers on Friday evening. And I am hearing this all over. And you noted it. The first question that was talked about from our Chairman was Prop 12. And my question is, what are you hearing from our trading partners like Canada and other trading partners? Is the USDA concerned about trade disputes through USMCA? Is this going to be a big issue because of Prop 12?

Secretary VILSACK. Congressman, it has been raised in our conversations with the Canadian Minister. They want to have some clarity and some indication of kind of how we are responding to this. Obviously, we are in the relatively early phases of all of this. I will tell you that we are looking at ways in which we can help and assist the pork industry. We know it is under a lot of stress, as you do.

Mr. FEENSTRA. Yes.

Secretary VILSACK. We recently purchased roughly \$100 million of pork products in our feeding programs using the CCC and sec-

tion 32. The good news is we have seen a significant increase in pork exports.

Mr. FEENSTRA. Yes.

Secretary VILSACK. But there is obviously a lot of work still to do to try to help and assist them.

Mr. FEENSTRA. Yes.

Secretary VILSACK. I think we are going to go through a bumpy period here where farmers have to basically make a decision about whether they are going to participate in that market or whether they are going to be more localized. I think that is one of the reasons why we focused on building a local and regional food system so that you have an option, that you don't necessarily have to participate in a national system—

Mr. FEENSTRA. Right.

Secretary VILSACK.—that you actually have the opportunity to sell directly to your school, sell directly to an institutional purchaser like a university or a college. You have many of them in your district.

Mr. FEENSTRA. Yes. Yes. And that is exactly right. I just want it on the forefront that this Prop 12 and we have to do our work, right in Congress. We have to pass something to preempt it.

And you hit on something with trade. I mean, trade to me is—when you start looking at our corn commodity and we are growing so much extra corn, obviously, that goes to ethanol, but that gets hurt by trade. We have a lot of pork going to Mexico and stuff. And yet, I look at the Administration and say we haven't had any new free trade agreements in the last 3 years. I mean, where do you see—I mean, how can USDA help on the free trade agreements, and how can we expand export markets? Because to me, we are doing amazing things growing the product, but we don't have places for it to go. And that being said, there is a lot of competition. We are seeing a lot of our competitors claiming some of the export markets that we used to have.

Secretary VILSACK. Well, I would say a couple of things. First of all, one of the reasons why the competition is steeper is because folks in the past, in our competition, invested more fully and completely in their infrastructure and allowed them to essentially squeeze the difference and the gap that we once had. Fortunately for us, we have the Bipartisan Infrastructure Law that is going to allow us to reclaim that competitive edge, number one.

Number two, the reality is I have a hard time understanding the focus on trade agreements when I am pretty confident—and maybe I am wrong about this—but do you believe that you can pass trade promotion authority in this Congress? You haven't been able to pass a budget. You haven't gotten a farm bill through. Can you pass trade promotion authority? And if you can't, why not? And I think the reason why not is because people have an attitude about trade that requires us to rebuild people's trust in trade. Farmers understand it. They absolutely understand it, not the rest of the country.

Mr. FEENSTRA. No, and it is a huge deal. I just looked at—I was in the UK. They are doing individual trade agreements on ag with Kansas and other states and stuff like that. I just wish our Federal

Government was a little more engaged, Katherine Tai, we have talked about and stuff like that, and—

Secretary VILSACK. We are engaged. But it is not just trade agreements. It is breaking down barriers.

Mr. FEENSTRA. Yes.

Secretary VILSACK. And I mentioned this earlier. A lot of trade wins have occurred, don't get the headlines, but they have occurred. We have \$21 billion of trade wins in the last 3 years.

The other issue is China. And let's be honest about this. I spoke to the co-op entity yesterday, and I asked them to identify their number one customer, and then I asked this question. If you started criticizing your number one customer how long would you be able to have that number one customer?

Mr. FEENSTRA. Right. Good point. Hey, I got one more question for you. When we think of high-path, African Swine Fever, and foot-and-mouth, obviously, going back to hogs—I got 17 seconds left—do you feel confident that we are prepared? I mean, this is—

Secretary VILSACK. I do.

Mr. FEENSTRA. Okay.

Secretary VILSACK. I do. I do. I do because we have good people assuring it doesn't get into the country, and we have good people who are doing the research and the vaccine and all of that.

Mr. FEENSTRA. Okay.

Secretary VILSACK. So, we are going to have it in Manhattan, Kansas at our NBAF, and I am confident.

Mr. FEENSTRA. Good. Thank you.

The CHAIRMAN. The gentleman's time has expired. I now recognize the gentlelady from Texas, Congresswoman Crockett, for 5 minutes of questioning.

Ms. CROCKETT. Thank you, Mr. Chairman. And thank you, Mr. Secretary, for your time.

There are a lot of things that you have been asked today, and you clearly have a lot on your plate, so I am going to stick to one subject matter that is crucial to all families that House Democrats are committed to upholding in this farm bill, nutrition. At the USDA, you award billions of dollars annually to support the nutritional needs of Americans from all walks of life. I especially want to commend your repeated commitment across USDA leadership to supporting nutrition programs that serve all Americans regardless of their circumstances. But with so much on your plate, there are some things that can fall through the cracks. In particular, I am referring to GusNIP and produce prescription programs. These programs provide critical assistance to Americans that need to stretch their SNAP dollars further and those that face medical complications from poor nutrition.

But in each of these programs, not all fruits and vegetables are treated the same. Under current USDA policy, fresh fruits and vegetables receive more favorable consideration than frozen despite the best science showing no nutritional difference. I am concerned by this because we know that frozen is often better for folk who most need nutrition assistance because it keeps for longer and provides more variety. Now, I have no issue with fresh, so don't get me wrong, but if we want these programs to be accessible and be



accessible for as many people as possible, we should have parity between fresh and frozen.

That is why I introduced the bipartisan SHOPP Act (H.R. 3127) with Congressman Alford, which now has 22 House cosponsors and four supporters in the Senate. And if I recall correctly, when Congressman Rose asked you about the lack of parity on fresh and frozen in these programs last year, you said you would get back to us.

So my question, Mr. Secretary, is whether you will commit to increasing equity in these programs by evaluating establishing parity between fresh and frozen fruits and vegetables in GusNIP and the Produce Prescription Program?

Secretary VILSACK. Congresswoman, I am happy to commit to encouraging those who use our nutrition programs to consider and to participate in fruit and vegetable consumption. I would be more than happy to talk to you about what parity means and how it would act and react in terms of our Prescription Produce Program, for example, where we are working with pediatricians and physicians, how it would work with our GusNIP program where we essentially provide resources, how it would work at farmers' markets where it probably wouldn't because it is mostly fresh fruit and vegetable. There isn't any frozen vegetables available, so when you promote a farmers' market, are you suggesting we not promote the farmers' market because it doesn't have frozen?

Ms. CROCKETT. No, what I would say is that I have a district where 20 percent of my district live at or below poverty. And because of that, my district probably in a disproportionate way is in more need of access to fruits and vegetables. But what we typically see is in underserved communities they don't necessarily have the big grocers, so I don't—I have so many food deserts in my district. And so what happens is they don't necessarily always have grocery stores, and if they do have grocery stores, those grocery stores don't necessarily have fresh fruits and veggies. So if it is a matter of I can use my SNAP benefits so that I can get fresh broccoli, but the only place that I can go to maybe is the convenience store that is down the street and the convenience store has frozen broccoli, why is it that I can't go to the convenience store? What is going to happen is I am now put into a situation where I now have to go to an area in which they have fresh fruits and veggies instead of being able to use—

Secretary VILSACK. I am more than happy to work with you on that issue. That is a slightly different issue and has slightly different responses. One is basically taking a look at what convenience stores have to offer in order to be able to qualify for the SNAP program. The other aspect of this is how we might be able to use the Healthy Food Financing Initiative that supports corner stores, creating broader access to healthier foods, how we might be able to work together to make sure that frozen vegetables are part of what they are able to provide.

Ms. CROCKETT. And I thank you for that. I use that as just a general example, but overall, even if it is another grocery store, I would want people to be able to choose frozen because some of those grocery stores don't necessarily have, I would say, the most appetizing fresh food sometimes.

But I am going to move on to another issue that is specifically super important to Texas, and that is the Summer EBT program. For whatever reason, my home State of Texas is having some problems standing that up, and I would like if you could update me on what other states are refusing to feed children during the summertime.

Secretary VILSACK. There are 14 states, and we will get you a list. Nebraska just recently decided to come into the program, so 14 states.

Ms. CROCKETT. Thank you.

The CHAIRMAN. The gentlelady yields back. I am now pleased to recognize the gentleman from Kansas, Mr. Mann, for 5 minutes of questioning.

Mr. MANN. Thank you, Mr. Chairman. And, Secretary, thank you for being here this morning.

As you know, I represent the big first district in Kansas, the number one beef, sorghum, and wheat-producing district in the country. As the Subcommittee Chairman for the Livestock, Dairy, and Poultry Subcommittee here, I am concerned with several proposed rules that would impose nonsensical and costly regulations on ag producers in my district and across the country, from USDA's Packers and Stockyards rules, which extend well beyond the bounds of Congressional intent and ignore legal precedent, to the new USDA Food Safety Inspection Service's *Salmonella* regulatory framework, which has left the industry scrambling for answers. My view is the Federal Government should either support producers or get out of their way. I look forward to working with my colleagues to craft and maintain sound, comprehensive livestock policy that honors the work of every link of the animal agriculture supply chain.

Mr. Secretary, first question, on January 24 APHIS sent a final rule out to OMB that would require electronic identification ear tags for animal disease traceability and as a requisite for official interstate movement of certain cattle and bison. And I understand the goals here. I guess my question is what are USDA's plans for mitigating the cost to producers and other entities like sale barns to comply with the rule?

Secretary VILSACK. Well, this is really, I think, an investment to support and preserve market opportunities because if we have a problem and we can't trace it back quickly, it destroys the entire market. So I would think that this is a relatively small cost associated with this. And the reality is if Congress wants to provide us the resources to provide reimbursement, more than happy to do that. But this is a very important, I think, market-protective measure to ensure that we can respond quickly to an outbreak, whatever it might be, to be able to isolate, quarantine, and prevent an entire market destruction.

Mr. MANN. Yes, and I agree. We just got to think through how does that impact our producers on the ground?

Second question, as we work to prevent animal disease outbreaks here at home, we also have to protect the U.S. food supply against introduction of diseases from our trading partners. The USDA recently issued a final rule allowing for the importation of beef from Paraguay, despite Paraguay's long history of foot-and-mouth dis-

ease. Does Paraguay, in your view, have the necessary means to fund its foot-and-mouth disease mitigation measures, and how will USDA ensure there is no lapse in safety mitigation measures in Paraguay?

Secretary VILSACK. We spent 8 years looking at this issue. I have a lot of faith and confidence in the people that work for APHIS. There have been multiple audits of their system. We are convinced that their system is equivalent in terms of their ability to detect, their ability to quarantine, their ability to respond quickly. We also have put a series of conditions on the importation. The beef can't come from a facility that has ever, ever had any FMD. It can't come from a region that has had FMD last year. It is inspected both before and after slaughter. So we are confident that we have a system that that will ensure protection. And I think I have to have confidence in the APHIS folks when they tell me after 8 years of study they are equivalent.

Mr. MANN. Okay. Last question is likely, I am sure you know the EPA recently proposed a rule that would impact the effluent limitation guidelines and standards for meat and poultry processing facilities. By EPA's own estimates, this rule could potentially close between 16 and 53 meat, poultry, and rendering facilities. Meanwhile, USDA has spent hundreds of millions of dollars to expand meat and poultry processing capacity. Did the EPA consult with USDA on the impacts of this rule prior to its publication, and how do you plan to engage with the EPA on this moving forward?

Secretary VILSACK. We provided information and data in an effort to try to bolster the least restrictive option. There are three options, as you know, that they have proposed. We provided information in an effort to try to bolster the least restrictive option that they have identified.

Mr. MANN. Yes, big picture, it is frustrating for me, and taxpayers when we are spending all this money to try to improve capacity and enhance capacity, which we should. At the same time, the EPA is putting on regulations. I understand that it is the EPA and not the USDA. We are pushing on the door on one side and pulling on it on the other.

Last question with the last 30 seconds, one thing I am really passionate about is our Food for Peace program and the notion of using American-grown commodities to feed hungry people around the world. Can you speak to the importance of using U.S.-grown commodities in our international food aid programs, which is obviously also authorized in the farm bill?

Secretary VILSACK. Well, it is a critical component of the McGovern-Dole. It is a critical component of Food for Progress. It is a critical component of the Bill Emerson Trust if we get it replenished. So it is obviously a very significant tool that we have to try to address global food insecurity.

Mr. MANN. Yes, I agree. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman yields back. I now recognize the gentleman from California, Mr. Carbajal, for 5 minutes of questioning.

Mr. CARBAJAL. Thank you, Mr. Chairman. And thank you, Secretary Vilsack, for being here.

If anybody knows the Federal Government and the USDA and even Congress, it is you, and so I really appreciate your wisdom and your leadership in the capacity that you are in.

I also understand why you are so smart. You have a former staffer of mine that you hired, Erin Sandlin, so I definitely know you are in good hands.

Secretary Vilsack, I represent what many people call Paradise on Earth, the Central Coast of California, where agriculture is the number one industry. When I meet with the growers and producers in my district, they consistently bring up labor shortages. I believe we agree that finally getting the bipartisan Farm Workforce Modernization Act enacted into law is essential and that there are also additional tools that would help farmers with their labor challenges, including many that are within USDA's purview. How can we support producers through the farm bill to address labor shortages? And could investments in research like mechanization or future workforce development be helpful?

Secretary VILSACK. Well, I think a lot of producers are looking at robotics in an effort to try to make their systems more efficient. I think in the meantime, we have started at USDA a Farm Labor Stabilization Initiative, a pilot. We took \$65 million from the American Rescue Plan, we put it on the table, and we asked producers of all sizes, large and small, what would they do with this resource to recruit and retain a workforce from the Northern Triangle countries and Mexico? We were actually impressed with the reaction and response to this. We got applications from entities that wanted just a couple of workers to entities that wanted hundreds of workers. And each and every single one of them, we also gave them options of a very basic program or sort of a silver and gold program where the working conditions, the wage levels, and so forth would be significantly higher. I expected that the base program would be the more popular program in terms of application. It turns out that, no, people were more interested in the silver and gold programs. We had far more applications in that space. So it is important, I think, for us to take a look at what we learned from that experience and maybe that can help inform policy in the future.

Mr. CARBAJAL. Thank you. Mr. Secretary, climate change continues to be an issue for farmers and growers throughout the country. As you may recall, last year at this time, atmospheric storms hit the Central Coast of California, leaving an estimated \$2.4 billion in damages and crop loss. Once again, the Central Coast was hit with storms earlier this month. What disaster reforms can Congress do in this upcoming farm bill to help protect producers against climate change?

Secretary VILSACK. Well, I think there are a couple things. I think, obviously, we are going to learn a lot from the Climate-Smart Agricultural Commodity Initiative in terms of strategies, conservation programs that farmers can use to make their farms more resilient and so would encourage learning from that experience and also preserving the IRA resources, conservation resources.

I think the Chairman is right in his concern about disaster and trying to get away from the *ad hoc* programs that we have had in the past. Sometimes, they are adequately funded, and sometimes, they are not. To have a more permanent disaster assistance pro-

gram would provide some predictability and stability in that area and I would certainly look forward to working with everyone to try to figure out what that looks like.

In addition, I think it is important for us to look at crop insurance. I think it continues to be a very important mechanism. We have seen an expansion, a significant expansion of the number of policies, the number of commodities that are now covered by crop insurance that weren't a couple of years ago, modifications to the programs, ways in which the risk management tool can be used to encourage the kinds of actions and steps on the farm that create greater resilience, so I think there are a combination of things that we need to probably look at.

Mr. CARBAJAL. Thank you. I will just say that crop insurance needs to also make sure that it grows in the areas of specialty crops, which oftentimes are left behind.

Secretary VILSACK. And that is where we have seen significant expansion recently.

Mr. CARBAJAL. Thank you. As you mentioned in your testimony that food insecurity remains more common in rural areas than in the suburban areas. Can you address the misconception that SNAP is a program predominantly used in cities, and elaborate how SNAP supports rural communities and combats food insecurity in those regions?

Secretary VILSACK. Well, there is no question that poverty is not concentrated in one part of the country. There are many, many remote areas and rural areas of very significant and deep poverty. In fact, the persistently poor counties, the majority of persistently poor counties, counties that have experienced more than 20 percent of poverty over decades, are located in rural communities. And so there are a series of programs—I see the time is up, but there are a series of programs that we have identified, trying to address those issues.

Mr. CARBAJAL. Thank you, Secretary Vilsack. Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman's time has expired. I now recognize the gentlelady from Illinois, Mrs. Miller, for 5 minutes of questioning.

Mrs. MILLER of Illinois. Secretary Vilsack, I am sure you have seen by now countries all over Europe are facing protests from farmers because left-wing governments are trying to destroy the ag industry to advance the climate change agenda. These farmers are tired of top-down policies intended to appease the left's climate cult, which make it harder for them to farm and feed the world.

The Biden Administration has taken similar steps to push this radical climate scam. From reentering the Paris Climate Agreement to the EPA trying to make it harder for farmers to use pesticides to Biden's attack on American fossil fuels, this Administration's policies threaten our farmers. The agriculture industry needs the ability to access affordable diesel, nitrogen, fertilizer, and pesticides. President Biden puts that ability in jeopardy. In a report published last week by the Buckeye Institute, they estimate Biden's climate policies will increase farm costs by approximately 34 percent and increase grocery prices drastically for Americans.

To make matters worse, Mr. Secretary, you traveled to the U.N. Climate Change Conference and told attendees that the USDA wants to quantify and track carbon sequestration and greenhouse gas emissions of farmers. Mr. Secretary, are you aware of the report from the Buckeye Institute estimating Biden's climate policies will increase farm costs by 34 percent and thus increase grocery prices?

Secretary VILSACK. I am not aware of that study, but I am aware of the reaction of the farm community to our Climate-Smart Commodity Partnership Initiative, which is fundamentally different than what is happening in Europe. It is fundamentally different.

Mrs. MILLER of Illinois. Sir, I can tell you—

Secretary VILSACK. It is voluntary—

Mrs. MILLER of Illinois.—I am actually a farmer in Illinois.

Secretary VILSACK. It is—

Mrs. MILLER of Illinois. I can tell you the majority of farmers are not on board with this climate cult agenda.

Secretary VILSACK. We had 1,000—

Mrs. MILLER of Illinois. And that the Biden Administration is wildly incentivizing these policies, and I can tell you, if all things were equal, farmers would rather plant corn than put a solar panel on the best farm ground in the world.

Secretary VILSACK. That is not what this is, ma'am. That is not what this is, Congresswoman. This—

Mrs. MILLER of Illinois. So, sir, John Kerry said we can't get to net zero. We don't get this job done unless agriculture is front and center as part of the solution. Do you agree with John Kerry that we have to get farmers to net zero?

Secretary VILSACK. I agree that that is an opportunity for farmers to make more money and for small- and mid-sized producers to actually stay on the farm.

Mrs. MILLER of Illinois. Okay. This is a disaster for farmers when you are incentivizing them to put—

Secretary VILSACK. Farmers want this.

Mrs. MILLER of Illinois.—solar panels on the best farm ground in the world.

Secretary VILSACK. Well—

Mrs. MILLER of Illinois. What is this going to do to our ability to feed people? Not only that, those solar panels do nothing but help our adversary China. And going by the climate cult's own practices, China is using coal to produce these solar panels. And we don't have a reclamation plan. And not only that, it is messing up—when farmers are in competition or have to rent their land and you have people that are getting subsidies from the government making three times as much as a farmer makes, of course, you have some farmers that are signing up. The profit margin is so narrow on farms, you are forcing farmers into this. Look what is happening in Europe. And what I want to know is who is standing up for the farmers? Who is advocating for the farmers? Have you ever discussed agriculture or climate policy with John Kerry?

Secretary VILSACK. Well, of course I have, and I have also discussed it with farmers. We had—

Mrs. MILLER of Illinois. Oh, what was your discussion with—

Secretary VILSACK. Well, let me answer the—

Mrs. MILLER of Illinois.—John Kerry, sir?

Secretary VILSACK. Ma'am, I am happy—

Mrs. MILLER of Illinois. I would like to know what you discussed with John Kerry.

Secretary VILSACK. I am happy—

Mrs. MILLER of Illinois. Because you are advocating for the farmers. We need you to advocate for farmers—

Secretary VILSACK. I am.

Mrs. MILLER of Illinois.—and for the people that have to turn around and buy the food at inflated prices if these radical policies are put in place.

Secretary VILSACK. Our program is voluntary. It is incentive-based. It is market-driven. It is precisely what the Food and Agriculture Alliance, which is made up of—

Mrs. MILLER of Illinois. Okay.

Secretary VILSACK.—80 large organizations, Farm Bureau, National Farmers Union, every major commodity group has requested—

Mrs. MILLER of Illinois. In Europe—

Secretary VILSACK.—destruction of—

Mrs. MILLER of Illinois.—the rug has been—

Secretary VILSACK. This is not Europe.

Mrs. MILLER of Illinois.—pulled out on the farmers—

Secretary VILSACK. Ma'am, this is not Europe.

Mrs. MILLER of Illinois.—because they—

Secretary VILSACK. This is not Europe. This is completely—

Mrs. MILLER of Illinois. Okay.

Secretary VILSACK.—different than Europe.

Mrs. MILLER of Illinois. No one is on the side of American farmers but—

Secretary VILSACK. You need to—

Mrs. MILLER of Illinois.—this Committee.

Secretary VILSACK. You need to learn about this.

Mrs. MILLER of Illinois. The Biden Administration has done everything in their power to attack the family farm. We are not going to let you jeopardize our nation's food supply for the climate change agenda.

Secretary VILSACK. That is not true. That is not true. We are doing what farmers have asked us to do. You need to sort of study up on this because it is not in Europe. It is not—it is—

Mrs. MILLER of Illinois. Sir, I am a farmer.

Secretary VILSACK.—completely opposite of Europe.

Mrs. MILLER of Illinois. The farmers want policies, okay. Thank you, and I yield back.

The CHAIRMAN. The gentlelady's time has expired. I now recognize the gentleman from Georgia, Mr. Bishop, for 5 minutes of questioning.

Mr. BISHOP. Thank you very much, Mr. Chairman.

Mr. Secretary, as you know, fuel and energy expenses are still at historic highs, and producers in Georgia's 2nd District are concerned with how the farm safety net will perform now that commodity prices are falling while input costs remain elevated. But 700 small businesses and ag producers have found relief through USDA's Rural Energy for America Program, the REAP program,

just last year alone. These energy efficiency improvements and renewable energy investments are helping farmers and business owners across rural America lower their energy costs. Can you talk about the impact of this program on operating margins for our farmers and our ranchers, and what about small business owners in rural areas like those in Georgia's 2nd Congressional district?

The second question has to do with rural development, one of my top priorities, so thank you for highlighting the investments in water and sewer infrastructure in your testimony. You also recognize USDA's Emergency Rural Health Care grants as a program that is vitally helping more communities maintain access to healthcare with over 800 grants reaching more than 22 million people. Can you tell us what the Administration has learned and what trends you have seen related to both infrastructure and in healthcare and what suggestions or lessons you can share with Congress from the Emergency Rural Health Care grants that we can implement moving forward?

Finally, Mr. Secretary, you identified the impact of potential cuts in our annual appropriations. If we are not able to enact 4 year bills for Fiscal Year 2024 at the levels in the Bipartisan Budget Agreement, we could be looking at sequestration or a full-year continuing resolution. With such a tough environment, can you tell us what is at stake, the impact of sequestration to mothers and children who rely on USDA food assistance, to our farmers and our ranchers across the country, to our producers who rely on technical assistance from extension agencies, from NRCS, and to those who have housing or business loans with the USDA? And what about the impact of a full-year continuing resolution?

Secretary VILSACK. I will try to respond to all three of those questions.

On the REAP program, we have had over 5,000 grants awarded. Many of these grants not only reduce the cost to a producer or to a small business, but they also, for producers, create an income source. What is interesting about this is—so a Rhode Island producer who has basically invested in a renewable energy program where he is selling excess energy on the grid, so it not only reduces his cost, but also creates a new income source. We want to obviously see more of that. And again, it is voluntary. People can apply for it if they wish, and we are excited about the opportunity to see more grants in the future.

On healthcare, listen, this is about basically continuing to invest in our Community Facilities Program and our telemedicine program, our ability to basically help and assist small communities equip or build hospital complexes and/or provide services, levels of services through telemedicine. These are two very popular programs. The emergency care program was funded through the pandemic assistance. To the extent that you wanted that to continue, that would require an additional appropriation. But in the meantime, at the very least, continue to fund the Community Facilities Program because that is a tremendously flexible opportunity.

On the budget, yes, I understand—I am getting the budget—I think I am doing a pretty good job here actually. On the budget, look if you cut the budget, you have less services, you have less



people. It is really that simple. You didn't expect me to be that quick.

Mr. BISHOP. What is the impact of a full-year continuing resolution or for sequestration?

Secretary VILSACK. Well, the problem with the continuing resolution, I mean, it is essentially the same because you are not going to get—if you get a continuing resolution based on the debt ceiling deal, you are going to see a reduction in the overall budget, and so therefore, you are going to see a reduction in services and a reduction in people. I mean, it is just that simple.

We are operating right now—historically, we have received less of the nondiscretionary defense spending than many of the other agencies, so whenever we receive a reduction or a flatline budget, it really stresses things.

Mr. BISHOP. The backlog on SNAP applications in Georgia, the state is failing to meet the application processing timeline requirements. Can you commit to working with us to try to give states more flexibility such as eliminating the face-to-face interview to clear the backlog and making backlogs more transparent to the applicants so that they know that they may have to wait months in order to get the benefit?

Secretary VILSACK. With respect, that is not the answer. The answer is not to sacrifice integrity of the program. Those face-to-face interviews are very important. It is for Georgia to use the resources they have available to have the staff adequately to run the program, and that is what we have asked Governor Kemp to do.

Mr. BISHOP. Thank you, Mr. Secretary.

The CHAIRMAN. The gentleman's time has expired. I now recognize the gentleman from Alabama, Congressman Moore, for 5 minutes.

Mr. MOORE. Thank you, Chairman Thompson and Secretary Vilsack. Good to see you again. I would like to first thank you for being here today and for the work that the Department of Agriculture does for our farmers, ranchers, and foresters across America.

As I am sure you know, farm programs and safety net programs are important to Alabama agriculture. Improvements to our nation's farm policy and ensuring timely farm bill reauthorization is certainly a top priority of mine and the producers that I represent in lower Alabama. Much like my colleagues here today and you as well, I look forward to seeing a timely farm bill authorization, increasing reference prices, and sharing programmatic integrity for SNAP and other Federal assistance programs and promoting wood product industries are top priorities for me in the reauthorization process and the livelihood of those I represent.

Wiregrass producers in western Alabama are struggling to stay whole after a serious drought in recent months. Peanut producers are feeling a pinch of slimmer-than-ever margins and are only met with resistance by our Democratic counterparts when any suggestion is made to adjust Title I to meet the needs of modern-day production. It is disappointing that these producers do not feel supported by the current Administration we have in place and who would rather play favorites with ERP, grab every tax dollar they can for SNAP, and pander to radical social environmental justice

agendas. It seems the agency is putting politics before policy, and quite frankly, our farmers, ranchers, foresters in rural communities certainly deserve better.

The first question I have is Executive action at the Environmental Protection Agency, General Services Administration, Department of the Interior have recently been announced which are adverse or do not consider the work of your agency and its constituents. Secretary Vilsack, how are you making a good-faith attempt to give agriculture a voice across this Executive Branch?

Secretary VILSACK. Well, I have an ongoing relationship with the Secretaries of each one of those departments, and we are in constant communication about policies and issues that they are adopting that may have an impact on agriculture, and we provide input. I am certainly not going to be in a position to tell them what they should do in their department. I don't want them telling me what I should do in my department. But we do provide input. We do provide data. We do provide the consequences of what they are considering on American agriculture. That is our job. And then once a decision is made by another department, to the extent that we can, we use the resources of USDA to try to mitigate the consequences of that.

Mr. MOORE. I have heard the most terrifying words are, "We are from the government, and we are here to help." And when I listen to you, as the Department head of Agriculture, the USDA, it seems like you are battling the Department of Labor for production of food or you are battling maybe the EPA to get them off the backs of local producers. And so would that be true, Mr. Vilsack, that probably the most terrifying words that you ever hear is, "We are from the government, and we are here to help?"

Secretary VILSACK. Let me say something about that. Yes, you know what, and I think government does help. When the farmers—the crop insurance programs, the disaster assistance programs, the ARC, the PLC, the wide variety of programs that you are discussing in the farm bill, that is government helping. I think that the challenge is we want to make sure the government is helping and is efficient in the way that are helping.

Mr. MOORE. And to your defense, I think you are trying to do the job. Sometimes, I don't agree with the policies that are implemented, and I certainly am not a big friend of some of the environmental stuff that is going on. But it seems like to me that your own government is your biggest issue sometime in trying to actually help the producers in America. And, I appreciate you being in the fight for us. I hope you will continue that. I am sure you will. But for me it—more so when I listen to you talk about the Department of Labor, these regulations that you have to try to jump through these hoops so we can have food on the tables of American consumers, to me, I almost start to understand that the battle you are in is the same battle we are in many days here is how to stop the bureaucracy and take care of the people.

And so let me do one more question here, sir. I got one question. I am running out of time. So this past June, the Department announced SNAP's error rate, a rate that measured overpayments and underpayments. This announcement included an overpayment rate of 9.54 percent, which amounts to roughly \$30 million a day.

Certainly, that would be an insult, Mr. Vilsack, to our taxpayers. What concrete, serious, and forward-thinking steps are on the horizon?

Secretary VILSACK. States basically administer the program. We are working with state Governors to make sure that they understand they need to get back to a more disciplined effort in terms of SNAP. We sort of relaxed the flexibilities or created flexibilities during the pandemic, and we are now asking them to go back to the ordinary work of administering SNAP, which involves, to Representative Bishop's question, face-to-face interviews, which I think will be helpful to restore integrity in the program. So we are encouraging Governors. And Governors, if they fail to respond, there are sanctions that can essentially be put in place. We are concerned about this, and we should be.

Mr. MOORE. Yes, we should. Thank you, Mr. Secretary. Mr. Chairman, I will yield back.

The CHAIRMAN. The gentleman yields back. I am now pleased to recognize the gentleman from Florida, Mr. Soto, for 5 minutes of questioning.

Mr. SOTO. Thank you, Mr. Chairman. And thank you, Secretary, for being here today. I know it has been a long morning, and your thoughtful and candid answers to an onslaught of questions just reminds us that American agriculture is in good hands with your leadership.

I visited ranchers, growers, and farmers across central Florida, as well as food banks and food pantries, and they spoke with one voice, which is can you please pass a farm bill? We have talked about how food inflation has dropped in half and continues to go down, but there is more work that we need to do. Is it your opinion that if we pass the farm bill, that would help in continuing to lower food costs in the nation?

Secretary VILSACK. Yes, unless it involves restricting the utilization of the Commodity Credit Corporation. That is a tool that we use to help food banks deal with the increased need that is out there.

Mr. SOTO. So we need to continue to support programs like that, and we will continue to see food prices decline for the American consumer?

Secretary VILSACK. Correct.

Mr. SOTO. In Florida, we have hurricanes that have only gotten worse over the years with climate change. Hurricane Ian recently led to over \$1 billion in agricultural losses. We have passed out of this House a bipartisan disaster block grant authority. This is the top priority for Florida Farm Bureau. Do you think this would help going forward—I know the Senate didn't pass it yet—especially to help both the ranchers and particularly citrus as we face these increasing storms?

Secretary VILSACK. We will be happy to administer it if it gets passed. Right now, we don't have the authority to do that. I know Florida is anxious to have it. If that is the wish of Congress, we will certainly follow it and do whatever we can to make sure it is administered properly.

Mr. SOTO. And, Mr. Secretary, we want to give you that authority.

Also representing cattle country, I just wanted to stress the importance of continuing to invest in the National Vaccine Bank. That has come up several times for several different types of livestock. We have the largest herd in the nation in Deseret Ranch in our area, along with many other ranches and cow-calf operations, so that is really important.

I have also visited places like Second Harvest in central Florida, our food bank that had to spend \$2.5 million last year to fill the TEFAP gap. How critical to feeding America's families is The Emergency Food Assistance Program?

Secretary VILSACK. Well, it is essential. It is an essential tool that, when demand goes up or there is a regional tragedy that occurs, it is an opportunity for us to be able to respond quickly, to provide the resources for those food banks to meet the need. So it is critically important.

Mr. SOTO. Well, I have seen both seniors, children, the disabled, our veterans coming to these food banks to get healthy, nutritious food, and the TEFAP program has been absolutely critical for us.

In addition, we are, after many years, finally turning the corner in Florida citrus. I appreciate your dedication over the years both under the Obama Administration, now under the Biden Administration to work with us on this research and development funding. We are seeing great advancements with new herbicides and pesticides that are helping out with new trees, especially injection. So I wanted to thank you for the waiver that you all provided to allow these areas to go forward.

How critical is it for us to continue to make sure we have U.S.-grown citrus, whether it is orange juice from Florida or eating fruit from California and other areas, to protect America's vitamin C source?

Secretary VILSACK. Well, I think it is connected to the health and welfare of Americans and specifically American children. We are trying to encourage more fruits and vegetable consumption and, obviously, to the extent that we do so, it would be nice if we can provide them something that is produced here in the U.S.

Mr. SOTO. Well, we are going to try to dig deep to get this done.

The last thing I want to talk about is in my family's native island of Puerto Rico, along with many other Territories, they are under the NAP program, trying to move them to the SNAP program. First, Mr. Chairman, I would like to introduce a bipartisan letter from Representative Jenniffer González-Colón and myself, just talking about the needs of the NAP program.

The CHAIRMAN. Without objection.

[The letter referred to is located on p. 172.]

Mr. SOTO. Thank you. There has been some debate about whether there needs to be legislation or just funding to convert NAP to SNAP. Do you happen to have any opinion on that or any advice on how we proceed going forward?

Secretary VILSACK. Well, I think there is legislation that is required, but I think, more importantly, is making sure that Puerto Rico in particular is prepared for that transition. It is not a simple process to administer the SNAP program, and we have been working with officials in Puerto Rico to get them to a point where they

are ready, willing, and able to administer the program effectively so their folks won't fall through the cracks.

Mr. SOTO. Well, we are absolutely thrilled by that. In central Florida, one in four of my constituents are fellow Puerto Ricans. We care deeply about what is happening on the island, as well as supporting our local growers, ranchers in cattle, citrus, blueberry, and strawberry country and making sure no central Florida family goes hungry. So I appreciate your leadership, Mr. Secretary, and thanks for being here.

Secretary VILSACK. Thank you.

The CHAIRMAN. The gentleman yields back. I am now pleased to recognize gentleman from Minnesota, Mr. Finstad, for 5 minutes of questioning.

Mr. FINSTAD. Thank you, Chairman Thompson, and thank you, Secretary Vilsack, for being here today and for your testimony.

I am a proud fourth-generation farmer of southern Minnesota, excited to be raising the fifth, and just really proud of the fact that I am part of a very honorable profession that really is called to feed and fuel the world and to help support our communities, families, and really the country as a whole.

Recently, your department released several concerning reports related to the current state of the farm economy. As you know, USDA's most recent projections found that the United States will experience an ag trade deficit of over \$30.5 billion this year. Last week, USDA's—your Economic Research Services forecast that in 2024 net farm income will drop by almost \$40 billion. This is after close to a \$30 billion decline in 2023.

You should already be aware of who was leading the USDA the last time the farm income fell 2 years in a row. As a matter of fact, you oversaw 4 consecutive years of decreased farm income from 2012 to 2016. That is quite the résumé. As I meet with producers across the 21 counties I represent in southern Minnesota, they are worried about a repeat performance with multiple years of decreased income. Yet today, you have downplayed farm income falling by 27 percent. Maybe you can stand to lose 27 percent of your income, Mr. Secretary, but the farmers I represent cannot.

My producers are dealing with compounding effects of increased input costs, interest rates, supply chain challenges, and burdensome regulations, creating a highly leveraged financial environment in farm country. The hypocrisy of this Administration knows no bounds, and a prime example is your shifting positions on the ideal farm size in less than a decade.

Every one of us that is not a farmer is not a farmer because we have farmers. We delegate the responsibility of feeding our families to a relatively small percentage of this country. If you look at 85 percent of what is grown in this country, it is raised by 200 to 300,000 people. That is less than  $\frac{1}{10}$  of 1 percent of America. Those are your words from a 2016 Congressional hearing, Mr. Secretary. Yet in your testimony today you coldly dismiss these same family farms, who are the backbone of their rural communities as they work every day to feed and fuel the world.

In the last 8 years, you seem to have forgotten that the small number of producers you now demonize are responsible for 80 percent of the production. All Americans and Members of Congress

should want to help small producers. I just think you don't have much appreciation for the operations that provide a majority of the food in this country with tight margins and greater risk.

Farmers have continued to produce more with less by adopting innovation and increasing efficiencies, not because the government tells us to do it, but to remain competitive, to take care of our land, and to pass our farms down to the next generation.

As farmers do every day for planning purposes, I did some back-of-the-napkin math. Effective reference prices are \$4.01 for corn, \$9.26 for soybeans. December corn is \$4.67 and November soybeans are \$11.62. If we look at the break-even, it is about \$5.10 for corn, \$12 for soybeans. It doesn't take a mathematician to figure out reference prices as they stand today are really irrelevant. If crop prices were to fall to the level needed to trigger these reference prices and the safety net, farmers would be facing bankruptcy. So due to that fact, crop insurance is the number one risk management tool we have for farmers to succeed from working with their lender to making marketing decisions that really help us plan for farming of the future.

Moreover, FSA loan-size limitations have not kept up with rising prices of farmland and these farm inputs. The current cap makes it more difficult for farmers, especially beginning farmers, to access FSA guaranteed loans for land purchases and operating expenses.

Mr. Chairman, I would like to submit into the record an October 2023 study prepared by Texas A&M examining farm policy and its impact on farm families.

The CHAIRMAN. Without objection.

[The report referred to is located on p. 154.]

Mr. FINSTAD. Mr. Secretary, you closed your testimony today by saying we can continue on the path that this Administration has taken that leads us to an even better and stronger rural America. I don't know about you, but if collapsing farm incomes, worsening trade deficits, increased regulatory burdens are your version of a better and stronger rural America, I think most farmers, including myself, would like to find a different path and, quite frankly, we call it hogwash.

I will proudly stand up for farmers against the so-called leadership at USDA and across the Biden Administration looking to tear them down. Farm and food security is national security, and good farm policy isn't written by D.C. bureaucrats for D.C. bureaucrats. It is written by farmers in rural America for farmers in rural America.

So, Mr. Secretary, actions speak louder than words, and your track record speaks for itself.

Mr. Chairman, I have no questions, and I yield back.

The CHAIRMAN. The gentleman yields back. I now recognize the gentleman from New Mexico, Mr. Vasquez, for 5 minutes of questioning.

Mr. VASQUEZ. Thank you so much, Mr. Chairman.

Secretary Vilsack, thank you for being here today and for your testimony. Thank you for what you and the Department do for our farmers, our farmworkers, our ranchers, our ranch hands, and our ranch managers. I just want to make it clear that agriculture

doesn't happen without the workers. And that is not just the owners, but that is the folks that are working the lands.

Expanding access to nutrition programs in New Mexico is one of my top priorities. And New Mexico has the highest participation in SNAP in the nation. One in 40 New Mexicans rely on programs such as SNAP and WIC to have the basic nutrition to go to work and go to school. Children and families are hungry in our state, and they need food to thrive.

Now, the irony in this, Secretary, is that we work hard, we wake up early, we put food on the table for the rest of the nation, and yet we are the ones who need these food assistance programs the most. We struggle with food insecurity. One in five children in my district faces hunger, and without access to this critical nutrition, parents cannot focus on going to work or going to school.

Now, I recently heard from Sophia, a mother in Las Cruces, who goes to school while working full-time to ensure she can feed her family. Since the expanded SNAP benefits expired, she has struggled to feed her family while continuing her education. So it is clear to me that SNAP and WIC, when it comes to the entire equation of feeding our nation, are critical to strengthening food security for this country and strengthening our families.

Secretary Vilsack, what more could we do to make sure that families like Sophia's, who are directly in charge of being the next generation of folks who are putting food on our tables, can have food security in one of the poorest states in the country?

Secretary VILSACK. Well, I think, first of all, making sure that you are adequately funding the WIC program you mentioned. To the extent that that WIC program is under-funded, that would mean fewer people would be able to access it.

I think, second, making sure that there are not restrictions on the SNAP program that would make it more difficult for people to qualify or more difficult for people to get the benefit that they need to provide supplemental assistance.

I think, third, making sure that states understand the importance of taking steps to ensure that those who are qualified for the program actually participate. Unfortunately, sometimes there are circumstances and situations where states don't make a concerted effort to sign people up or to get people to participate in the program.

And then I would say, in addition, making sure that the states that you are most concerned about are fully and completely focused on implementation of the Summer EBT program, which is going to provide additional resources to families for free and reduced lunch for children in school. I would say those are pretty significant opportunities as well to provide help.

Mr. VASQUEZ. Thank you, Secretary. And I will just say one of the things that I have enjoyed most about serving on this Committee, along with my colleagues on the other side, is the bipartisan committee that we have set up to help modernize the farmworker system that we have for folks in this country, including H-2A and H-2B, of which we should have some recommendations for the rest of our colleagues, but also before your department and the Administration, that helps some of those both domestic producers and immigrant producers, the folks who are working at these very

hard jobs, be able to have the opportunity to put food on the tables of Americans, so thank you for that.

The other question I have is a little bit different. But you were recently in my district. You were in Albuquerque's South Valley. We were announcing a monumental investment in broadband for rural communities, \$40 million for the State of New Mexico. Secretary, how can we make sure that those dollars are being spent in an efficient way that truly delivers the connectivity that rural communities need, including small and medium producers that can now take their businesses online and produce niche products that can help support rural economies? What are the plans for the Administration in terms of oversight and administration of these rural broadband dollars?

Secretary VILSACK. Well, each of the projects that are awarded resources have a team at USDA that follows the construction, the implementation of the grant to ensure that things are done in a proper way and a timely way. And so I can guarantee that that will take place for every one of the projects that we award resources to.

I think the other issue, of course, is that there are other programs outside of USDA that I think are very important to keep an eye on, and that is the resources that are being provided to states and state Governors to basically fill in the gaps. Our program primarily is focused on improving the level of service that is available so that people actually have meaningful broadband access. We do serve underserved areas, but we also make sure that the level of service is adequate so that more than one person can be downloading something in a home, for example.

Mr. VASQUEZ. Mr. Secretary, thank you for your investment in New Mexico. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. I thank the gentleman and now recognize the gentleman from Tennessee, Mr. Rose, for 5 minutes.

Mr. ROSE. Thank you, Chairman Thompson, and thanks to Ranking Member Scott for holding the hearing, and thank you, Secretary Vilsack, for being with us today. As time is limited, I will dive right in.

The Tennessee walking horse industry is a special industry that, frankly, is extremely important to my constituents and one that I value personally. Last summer during a farm bill listening session tour that Representative DesJarlais and I hosted in Tennessee, I, along with Representative DesJarlais, joined by Chairman Thompson and also Representative Jonathan Jackson, visited a walking horse stable facility.

The Walking Horse Celebration is a time-honored tradition in Tennessee that began in 1939. Over 2,000 horses compete to be crowned the World Grand Champion, which is always crowned the Saturday night before Labor Day. I see you are writing that down. This year's celebration will be held August 21 through August 31 in Shelbyville, Tennessee. Mr. Secretary, I would like to extend a personal invitation for you to attend this unique event and experience firsthand this long-standing Tennessee tradition. Mr. Secretary, schedule permitting, would you be willing to consider attending this year's celebration?

Secretary VILSACK. Be happy—they don't put me in charge of my schedule, Congressman. It would be chaotic if they did. But I am



happy to make sure that folks are aware of your kind invitation and will certainly take it into consideration.

Mr. ROSE. And I invite you because, as part of my visits to the celebration in recent years, I have had the opportunity to take a look at what your staff is doing there to inspect the horses, and it is really quite something, the efforts, the lengths that are taken to make sure that these horses are treated humanely and fairly. And so I just think it would be useful to you to see that and then compare and contrast that to what happens elsewhere in the equine industry, the lack of equivalent oversight that is going on with respect to other shows, with respect to other breeds. So I would encourage you to consider coming. I think it would be insightful to you to have a sense for the scope of that inspection process.

I want to shift gears. I was extremely alarmed to read the December 20, 2023, press release from the U.S. Attorney's Office for the Southern District of Mississippi announcing that a USDA employee named Ella Martin was sentenced to 35 months in prison for using her USDA position to create fraudulent warranty deeds with the intent to deprive the actual owners of the real estate of the use and benefit of their property.

Mr. Chairman, I ask unanimous consent to have the text of the press release entered into the record.

The CHAIRMAN. Without objection.

[The press release referred to is located on p. 169.]

Mr. ROSE. Mr. Secretary, what specific policies and procedures has USDA implemented in light of this development to strengthen internal controls and prevent similar fraudulent activity like this from occurring in the future?

Secretary VILSACK. Every time something like this occurs, our Inspector General gets engaged and involved and basically gives us activities or steps that could be taken to ensure that there is not a repeat situation. We obviously are very interested in making sure it doesn't happen again. And so we institute training. We institute new guidance. We institute oversight to make sure that these kinds of activities don't occur on a regular basis.

Mr. ROSE. Mr. Secretary, recently, USDA published the organic livestock and poultry standards final rule that sets new standards for organic livestock and poultry production, including standards relating to animal welfare for the first time. Previously, the Agriculture Marketing Service stated that the Organic Foods Production Act (Pub. L. 101-624, Title XXI—Organic Certification) did not, quote, "authorize the animal welfare provisions," close quote. This sudden change in statutory interpretation leads me to believe this action could be interpreted as arbitrary and capricious. Secretary Vilsack, can you further explain why USDA changed their interpretation of this statute?

Secretary VILSACK. I think it is important from a brand perspective that we do what we can to ensure that the organic brand remains a high-value brand. I think there is a certain expectation from the consuming public when they pay significantly more for organically produced items, that they are produced in an appropriate way. And I think it is a reflection of consumer expectation and what the industry itself is requesting.

Mr. ROSE. Thank you. I appreciate that insight. And I don't think I can make it through this question, so I think I will just yield back the balance of my time.

The CHAIRMAN. The gentleman yields back. I am now pleased to recognize the gentlelady from Ohio, Congresswoman Brown.

Ms. BROWN. Thank you, Chairman Thompson, and thank you for holding this hearing today. And, Secretary Vilsack, thank you for being here. It is great to see you again.

We are months past our original deadline to get the farm bill done and now just months away from our new deadline. As mentioned by my colleagues, it has been 6 months since our last full hearing in this Committee, and I, too, am glad that we are getting back to business because it is past time to get serious.

So, Secretary Vilsack, as Ranking Member of the General Farm Commodities, Risk Management, and Credit Subcommittee, I appreciate the emphasis in your testimony on small- and mid-size farming because we know that our traditional farm programs need to work for everyone, not just the biggest players.

Given that the average age of the American farmer is increasing each year, promoting the growth of small-, mid-sized, and urban farms is an effective way to bring new, younger faces into the industry. So can you talk more about which of the USDA's efforts for small-, mid-size, and urban farms are specifically targeted to or beneficial for new producers into the agricultural space?

Secretary VILSACK. Well, there are a couple. I mean, first of all, we have 17 urban center initiatives in 17 cities across the United States to encourage urban agriculture. We have placed a Farm Service Agency office in each one of those 17 cities so that all of the programs that a farmer would have, wherever they are located, are available to those urban farmers.

NRCS is also engaged in providing and ensuring that all the conservation programs, from hoop houses to extended growing seasons, things of that nature, are available to those urban systems.

I think we are also looking at ways in which we can promote market opportunities. That is why we invest in Farmers' Market Promotion Programs. That is why we have our local agricultural marketing effort, which provides resources to farmers to value-add if they produce a product. It is why we are focused on ensuring local food purchasing agreements. When states purchase product for food banks or for schools, they are doing business with local, small-, mid-sized producers. It is why we track that information. It is why we are also using our emergency resources, emergency funds for food assistance resources to funnel into that local and regional food system.

And the reason for it is simple. When you go to the grocery store, the farmer gets roughly 15¢ of every food dollar that is spent. The net of that is about 7¢ to the farmer. But when they sell to a local direct-to-consumer opportunity, they can get 50¢ to 75¢ of the food dollar. So it is a way of helping those small- and mid-sized operators have a market that is more designed for their capacities.

So there is research that we are also investing in. There are systems to help those farmers transition to organic and a high-value proposition if they are interested in that. We also have a local and regional food system, a set of 12 centers across the country that are

providing the assistance and help to those who want to establish a local and regional food system. So there are a multitude of efforts underway to help folks, regardless of where they are located.

Ms. BROWN. Thank you very much. I would also like to touch on the topic of food assistance, particularly because there are more than 82,000 households reliant on SNAP benefits within my district, representing one of the largest concentrations in the country. When it comes to this upcoming farm bill, there has been a lot of noise about the Thrifty Food Plan. Specifically, some Republicans have suggested we hold future reevaluations of the Thrifty arbitrarily cost-neutral in an effort to save money.

So, Secretary Vilsack, what would the theoretical impacts be to holding the Thrifty to the costs of the 2021 plan for another 20, 30, or 40 years? And, most importantly, how would it impact SNAP recipients?

Secretary VILSACK. Well, I believe that essentially it would result in us getting a benefit, as was the case in waiting 45 years to do what we did recently that inadequately, if you will, meets the requirements and the modern day needs of a family. I think what we found when we redid the SNAP Thrifty Food Plan, consistent with the 2018 Farm Bill, was that the information that we were funneling into the system was not aligned with what was actually happening in the real world. And that is why we used real-world data, real-world examples and information to better inform the system, and that is why Congress directed us to do that. And it resulted in a 20+ percent increase in the overall floor of SNAP.

Ms. BROWN. Well, thank you. It is clear in the upcoming farm bill two essential objectives must be met. We must strive to both strengthen and expand our long-standing agricultural programs, while simultaneously ensuring the protection of our nation's critical nutrition assistance. So I really hope my Republican colleagues are listening and will join Democrats in putting producers and people over politics.

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

The CHAIRMAN. The gentlelady yields back. I am now pleased to recognize the gentlelady from Texas, Congresswoman De La Cruz, for 5 minutes of questioning.

Ms. DE LA CRUZ. Thank you, Mr. Chairman, and thank you, Secretary, for being here today.

As you know, Texas is one of three states that grows and mills sugarcane. And I am proud to say that in my district, Texas 15, which is in deep south Texas where McAllen, Texas, is, the sugar industry provides good jobs, and it provides economic opportunity and growth for our community.

Unfortunately, it has been incredibly challenging for our sugar mills in our area due to the lack of water. This is in large part caused by the 1944 Water Treaty with Mexico (Treaty Series 994, Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande). Are you familiar with that water treaty?

Secretary VILSACK. I am not specifically familiar with that specific treaty. I am familiar with water—

Ms. DE LA CRUZ. Well, let me share with you how important this treaty is. And under this treaty, Mexico is supposed to give United States farmers 350,000 acre-feet of water every year. Mexico has

failed to do this. I am proud to tell you that I stand with my farmers and ranchers and have worked in a bipartisan manner to pass a House resolution that had overwhelming bipartisan support. And what that House resolution did was ask Mexico to give us our water that is so deeply, deeply needed. We are in the 4th year of a current 5 year cycle where Mexico is deficient over 760,000 acre-feet of water. This is simply unacceptable, and it is causing lots of harm and hurt to our farmers and ranchers in our area.

Given the current water situation that is really out of our farmers' control, we are suffering right now deficiencies in water which is basically having the farmers sow less crop than what they are able to send. What I am asking you to do today is to help us in south Texas, help our farmers and ranchers because our sugar mill companies in south Texas are saying that due to this lack of water, they are going to have to close. Let me ask you this. How do you feel about knowing that there are sugar mills in south Texas that are about to close due to this lack of water?

Secretary VILSACK. Well, I think it is important for us to have a focus on this issue of water, not just specifically for the sugar mills, but for farmers and ranchers and producers across the United States, and particularly in the western part of the U.S. It is one of the reasons why we established our Western Water Initiative, which I probably should make sure your staff is aware of, if they aren't already, which is really focused on sustaining agricultural productivity, taking a look at ways in which we can protect both surface water and groundwater, restoring range lands and forest lands in terms of water utilization, and responding to disruptions.

Ms. DE LA CRUZ. Let me reclaim my time—

Secretary VILSACK. Sure.

Ms. DE LA CRUZ.—Mr. Secretary, because it is such an important issue. And like my colleague across the aisle said, we don't want to play partisan politics with our farmers and ranchers. Food security is national security, and I would like your commitment to stand with me and our farmers and ranchers and meet with and talk with Secretary Blinken about Mexico's lack of abiding to the 1944 treaty. Can I have your commitment to stand with the ranchers and farmers and speak to Secretary Blinken about this treaty?

Secretary VILSACK. I am happy to take a look and learn more about this and get back to you, Congresswoman. I think that is fair.

Ms. DE LA CRUZ. Thank you. I greatly, greatly appreciate it, and my office will follow up with you on this important topic.

With that, I yield back.

The CHAIRMAN. The gentlelady yields back.

I am now pleased to recognize the gentlelady from Hawaii, Congresswoman Tokuda, for 5 minutes of questioning.

Ms. TOKUDA. *Mahalo*, Mr. Chairman. And, first of all, Secretary Vilsack, just a big thank you to the USDA for all the responses that have come forth as a result of the wildfires in Lāhainā. I know you have not been able to come and visit yet, but please, we welcome you to do so. We had significant damage, over 6,300 acres burned and razed as a result of the fire. We lost heads of cattle, equipment: \$23 million in damage may not seem like a lot in some

communities, but it is very big for ours. So again, thank you, but we do know that there is a lot of work that needs to be done, a lot more funding for disasters. After Lāhainā, we have seen so much more, and so we need to start funding these efforts so that you and your teams can do good work in the community.

The hard part about going almost last is a lot of questions have been asked already, so I will try to jump to some different ones that have not been touched on yet. I wanted to talk a little bit about our need to continue our ongoing commitment to the 1890 and 1994 land-grant universities. As you know, I remain committed and concerned about access to scholarships and resources for Asian American, Native Hawaiian, and Pacific Islander students. And I know we have discussed this, Mr. Secretary, before when you spoke to our Congressional Asian Pacific American Caucus. However, I reiterate the need for Congressman Sablan's AANAPISI Opportunity Act (H.R. 2783) of which I am an original cosponsor. And so what is your position on establishing grants to support Asian American and Pacific Islander-centered agricultural research and scholarships for AANHPI students? And what steps has the Department taken to support AANHPI farmers as well?

Secretary VILSACK. We have included those students in our NextGen Initiative, which is designed to provide resources to minority-serving institutions across the board, to fund scholarships, internships, fellowships, and things of that nature. That is \$262 million from the American Rescue Plan that has been circulated or provided in a series of grants. We have also made sure that our Office of Partnership, basically, as it administers the Scholars Program, ensures that it is administered in a holistic way. And I think you will see that there are actually more grants and more scholarships that have been awarded recently.

Ms. TOKUDA. Thank you for that. And I would just reiterate as well—and we have spoken about this before that as we do outreach to these particular communities, we need to be conscious about the best way and most effective way to reach out to them, oftentimes, too, considering language, access, and barriers that may be particular issues, cultural barriers as well. And so to the extent that that can be aggressively integrated into your outreach so we can make sure that those individuals, those students have access, are able to participate actively, I would appreciate that.

Secretary VILSACK. We have a very extensive process now where we are trying to convert a lot of our information into multiple languages to make sure that information is more readily available to a broader scope of individuals.

Ms. TOKUDA. Thank you. And somewhat along those lines, when I take a look at and we talk about indigenous agriculture—by the way, if you are able to join us in Hawaii, we can really expose you to some of the uniqueness of Native Hawaiian and Pacific Islander traditional farming practices and techniques, crops that for us might be—they are staple crops for us, specialty crops to others. But on this particular issue, I often see in my home state and in my district how challenging it can be for my producers, including Native Hawaiian producers, to access USDA programs in the first place.

Mr. Secretary, underrepresented and underserved producers have been calling on the Department to pilot a navigator program to help them navigate USDA's systems and processes for some time now. What is your position on the need for and the effectiveness of such a pilot program to be able to connect up our farmers, ranchers, and producers with the support and help that is available that they need but is right now very inaccessible to them in the way it is being offered?

Secretary VILSACK. Well, both the Farm Service Agency office and the NRCS have engaged in the signing of a series of cooperative agreements similar to what you have outlined. Farm Service has over 30 of these agreements. NRCS has over 100 of them with organizations and entities designed to provide outreach to historically underserved producers to make sure that they are aware of programs and to help guide them through whatever the application process needs to be. So that is already taking place in both of those agencies.

Ms. TOKUDA. I would humbly suggest and I am glad to see that these cooperative agreements are in place. But for many of us that represent communities with high populations, for example, I am specifically talking about AANHPI communities—let's just make sure that the individuals we are actually contracting with, that the method in which we are outreaching to them through these individual groups are the most effective possible. So I welcome further communication with you on this because at the end of the day, I want to make sure my farmers, ranchers, and producers can actually engage with the USDA in a meaningful way.

I have a number of other questions relating to natural disasters and rural health, I know, Mr. Chairman, an interest you and I both share in terms of making sure that food is viewed as medicine and we can help our rural communities, so we will submit that for the record. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentlelady. I am now pleased to recognize the gentleman from California, Mr. Duarte, for 5 minutes of questioning.

Mr. DUARTE. Thank you, Mr. Chairman, a big thank you. Thank you to the Secretary. [inaudible]. I had just a month ago best-of-breed growers in my district with very established farm families, almond, walnut, winegrape growers, diversified, long-term families call me into a meeting with bankers talking about a farm liquidity crisis, a farm borrowing crisis in the Central Valley. Almond prices have been low for a long time. Pistachios, walnuts are through the floor. Winegrapes are entire glut right now greatly due to a lack of exports.

But nonetheless, anything you can do, Mr. Secretary, with the Consumer Financial Protection Bureau to loosen the screws a little bit on ag lending is going to be very, very important. Anything you can do with the Farm Credits to make sure that ag lenders can get their growers through this crisis because if you look at the aggregate numbers, American farm values and ag revenues are down tens of billions of dollars in the last couple of years. In specialty crops in California a lot of these high export crops, it is disproportional pain. And so please look at ag lending. Look at farm liquidity. It is a crisis.

The crisis stems greatly from trade deals, from trade, and not necessarily lack of trade deals. Yes, there is a lot we can do there. But the retaliatory agricultural tariffs from China, India, and Turkey—those are the big pieces of the pie chart—are really what is causing, in my opinion, the agricultural crisis today, the commodity gluts, the low prices, and the low farm returns.

I am carrying a bill, but I believe you have it within your power to look at the Commodity Credit Corporation. My bill is called Foreign Retaliatory Agricultural Tariffs Supplement. Simply use the Commodity Credit Corporation fees instead of some of the other programs that are elevating farmers under low prices to simply supplement back the retaliatory ag tariffs being put on farm exports. If we export almonds, it is a 25 percent tariff to China. Supplement that back to the exporter, get it down to the grower, and that would alleviate the gluts that are killing farm returns right now today.

And so I would very much like to connect with you or anybody in your trade group on an F-RATS proposal. We just won a 5 year World Trade Organization lawsuit against China's retaliatory ag tariffs, and those ag tariffs are still in place, and they are really crushing American agriculture, so I would invite you to look at that.

I also want to look at—I have worked in some plant biotechnology over the years. Gene editing is a brave new frontier in plant biotech and plant improvement and solving a lot of the long-term sustainability problems and challenges that we have in growing crops, especially clonal crops like grapes and almonds where it is not easy to breed new seed each year.

There are people—you have Under Secretary for Market Services, Jenny Moffitt, in your group, who I am getting a lot of feedback on, is really restricting the types of CRISPR editing that can be done in plants and still qualify for the biopesticide exclusions. It is really not the realm of USDA to be delving into these pesticide exclusions. That is really an EPA area. But I would invite you to take a look at that and make sure that America maintains its leadership in plant biotechnology, especially in the CRISPR gene editing area. It is incredibly important. I think 37 Nobel laureates just signed a joint letter encouraging the EU to maintain leadership in this field. I would hate to see America give up our leadership in biotechnology, which we have established over many years.

And fourth—I am not letting you talk much today, but you have had a lot of that. At least I am not breaking your chops too hard. The fourth thing I would want to talk about is the crop insurance and using the example of the citrus producers in California as a case. We got the Oriental and the Queensland fruit flies that infest California citrus, causing huge marketing problems with their crop, huge movement problems within our fresh crop and citrus. And I really want to make sure that our crop insurance programs allow for marketability losses due to exotic pest infestations and disease infestations, as well as catastrophic weather events and other losses. These things cost farmers the same loss of returns and revenue as catastrophic weather events, and they are often almost all the time out of the control of the farmers themselves.

Thank you for listening. I am sure you will have something to say for the next person. Thank you, Mr. Secretary. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman yields back. Now I am pleased to recognize the gentlelady from Minnesota, Congresswoman Craig, wishing her a very happy birthday to begin with and—

Ms. CRAIG. What a way to spend a birthday. This is fantastic.

The CHAIRMAN. There you go.

Ms. CRAIG. Thank you, Mr. Secretary, for making my birthday—

The CHAIRMAN.—is recognized for 5 minutes of questioning.

Ms. CRAIG. Thank you so much, Mr. Chairman. And thank you for being here, Secretary Vilsack. It is a great honor to be here with you on my birthday.

So from your own visit to Minnesota 2 weeks ago to Deputy Secretary Torres Small's visit in 2021, I know that you and your team at USDA have been great partners in working to support family farmers and rural economies in Minnesota and across the country, so thank you for that partnership. I know you have put some miles on yourself over the last 3 years, and we appreciate your dedication to family farmers.

I have a few questions. I won't let you get off as easy as my colleague there, so I am going to get right to it.

First of all, we have a unique opportunity in front of us to get sustainable aviation fuel off the ground and in places like my district in rural America into this emerging market that we fought for in the Inflation Reduction Act. I know you are enthusiastic, and I want to thank you so much for your support of renewable fuels over the years and for your championship of SAF. It does not go unnoticed by my family farmers and by myself.

However, it is frustrating to hear that there is still some uncertainty about the updated GREET model. I know the President has a goal of hitting 35 billion gallons of SAF by 2050, which is laudable, yet we are still waiting on a determination from the interagency working group on GREET modeling. So let me just push you here. How have the discussions been in that interagency working group to update the model? And can we expect those updates to be announced on March 1, as originally directed in the December guidance from Treasury? And if not, when should we expect them?

Secretary VILSACK. Conversations have been positive in terms of expanded access to feedstocks to produce SAF, and I am confident that there is a genuine desire on the part of all the agencies and the White House to meet that March 1 deadline.

Ms. CRAIG. Excellent. That is a great answer. Thank you.

I know that you will see this soon, but I am leading a bipartisan, bicameral letter with 25 of my colleagues on the issue. It will be sent to members of the working group at the end of the day today. And please know that there are American farmers that have been unable to scale up their production because they are waiting on this guidance, and we certainly are looking forward to it and hopefully by that March 1 timeline.

My second question is about the grassland Conservation Reserve Program, CRP. We know it is an absolute critical program that supports farmers and the work that they do to sustain the lands



that they farm. And thank you for your remarks in your opening statement there.

My home State of Minnesota is eighth in the country for the number of acres enrolled and third in annual rental payments for the program. So I know there is an ongoing conversation about turning CRP into a dollar-based program. Given the rising costs of land, how do you foresee this impacting CRP's effectiveness if that happened?

Secretary VILSACK. What is interesting about the grasslands part of the CRP program is we are now at a record level of enrollment. There is a lot of activity and a lot of interest in the grassland, and we have continually seen that each year in terms of the signup. There is still robust interest in CRP, and I would anticipate and expect that it is going to continue.

I think there will be an interesting intersection of climate-smart activities and ecosystem service markets and the potential opportunities for CRP to be integrated into that system. But I think, right now, we are excited about the opportunities, and we continue to see a lot of interest in it. And, we are sensitive to making sure that the rental rates are in a situation where they don't necessarily encourage or discourage the use of productive farmland for productivity and nonproductive land for going into CRP.

Ms. CRAIG. I think I have just enough time to sneak in one more question. I know the farm bill is on top of everybody's mind—it is certainly on mine as well—and that American ag is at a crossroads. It is just essential that we continue to improve the farm safety net. What should legislators be keeping in mind as we look to strengthen the farm safety net in the farm bill from your perspective, Secretary Vilsack?

Secretary VILSACK. Well, I think the challenge is to find the resources to strengthen the safety net without necessarily jeopardizing the capacity of nutrition assistance to do what it needs to do and without taking resources away from conservation, which benefits a broad array of producers. I think that is the challenge, and I think there is a creative way to do that that doesn't necessarily limit SNAP and doesn't necessarily take money from the IRA. I think that is the key.

Ms. CRAIG. I couldn't agree with you more. And with that, Mr. Secretary, thank you. And I yield back.

Secretary VILSACK. Happy birthday.

Ms. CRAIG. Thank you.

The CHAIRMAN. I thank the gentlelady for sharing her birthday with us today. And I am pleased to recognize the gentleman from Iowa, Representative Nunn, for 5 minutes of questioning.

Mr. NUNN. Well, thank you very much, Mr. Chairman. Thank you, Secretary of Agriculture, for being with us today.

Unfortunately, we are talking to farmers who are facing larger-than-expected year-to-year losses, in fact, a drop in net income in 2024 alone. This is one of the largest drops of nearly \$40 billion that everyday farmers across the country are facing. In fact, it is down 25 percent just from last year.

So let's get directly to it. Look, the reality is that taxpayers have invested over \$500 million in the expansion of biofuels. And I appreciate my colleague on the other side of the aisle, Congress-

woman Craig. We have worked together on this issue. But at the same time, taxpayers under this Administration have also put \$40 billion into electric vehicle infrastructures through the Inflation Reduction Act.

So let's begin here. Our home State of Iowa, biofuels produced in our home state provide Americans with cheaper and cleaner fuel. Mr. Secretary, we could both agree to that. Is that right?

Secretary VILSACK. Yes.

Mr. NUNN. Is it true that biofuels reduce greenhouse gas emissions and have a lower carbon footprint when compared with traditional fuels?

Secretary VILSACK. Yes.

Mr. NUNN. Do you believe that America's energy independence is a priority for national security?

Secretary VILSACK. Sure.

Mr. NUNN. So here we are in a situation where we are now putting \$40 billion directly into a competition of an electric vehicle system that directly funds one of our key competitors, that of China. Are you aware of the fact that China uses child slave labor for the production and elicitation of a number of the critical minerals necessary to build batteries?

Secretary VILSACK. That is why we are focused on investing in battery production here in the U.S.

Mr. NUNN. But we haven't done that yet.

Secretary VILSACK. Well, we are doing it.

Mr. NUNN. So here, Mr. Secretary, I would like to talk about where some of our additional competition comes from, and that is in our export markets. When we talk about foreign competitors, let's talk about Brazil. Last year, the U.S. exported 1,600 million bushels of corn. Additionally, the U.S. exported 1.25 billion gallons of ethanol to that same market. But, Mr. Secretary, is it not also true that Brazil has increased their tariffs on U.S. ethanol 18 percent last year?

Secretary VILSACK. That is true.

Mr. NUNN. And, as a result, the United States is now importing nearly 40 million bushels?

Secretary VILSACK. I don't know what the exact number is, but I am sure you do.

Mr. NUNN. It certainly makes it harder for Iowa farmers when we are competing in a tariff environment, I would ask the Administration to look into this and be able to push back on our competitors, not just Brazil, but around the world.

Secretary VILSACK. And we do. We do.

Mr. NUNN. Mr. Secretary, you also agree that a lack of access to global markets is harming the U.S. biofuel industry?

Secretary VILSACK. No, I don't agree with that because we have actually—

Mr. NUNN. So us not being able to sell to foreign countries is not harming U.S. farmers?

Secretary VILSACK. We actually are seeing an increase in activity on the export side of biofuels. We have seen in Japan, Japan recently—

Mr. NUNN. Not nearly enough to make up for what we are losing in markets like Brazil, like Africa—

Secretary VILSACK. Your question suggested that we weren't doing any of that, and that is just not accurate.

Mr. NUNN. Mr. Secretary, there are 87,000 farmers in our home state. The average farmer is 57. In fact, most of those farmers are approaching an age where they are going to be over 70 years old. We don't expect any other industry to have to not only have a 25 percent loss in revenue over last year without providing some onramps and some incentives from our own Federal Government.

So here is what I would like to ask of us. Please join with this Committee, as we have done in the farm bill, to provide onramps for new farmers, nontraditional farmers, veteran farmers. These are things that not only help grow Iowa's economy, but help keep us competitive around the world.

Secretary VILSACK. Well—

Mr. NUNN. And I will also say that some of the conservation practices that are coming out of Iowa are a model not only for the U.S., but are ones that the USDA could learn from. And right now, working with USDA, while I appreciate the individual groups, is a top-down-only approach. And I see some folks in the audience today with "Pass Goldie's Act." USDA has consistently fallen short in enforcing puppy mills in Iowa, now ranked as one of the worst in the country. In fact, our local law enforcement have asked USDA for support, and time and time again, they have made it difficult. That is part of what is in this farm bill.

So, Mr. Secretary, as we work together on a farm bill, I hope that your agency and this Committee continues to listen to Iowa farmers who are leading the charge on this, not just in biofuels, but in our best practices across the board. And so, Mr. Secretary, I will end where we started here. When it comes to what this Administration has committed to and you have done, is this effort for year-round E15 that you committed to this Committee last year going to be ready in 2024?

Secretary VILSACK. I think we are going to have E15 year-round. I don't know what year. I don't know if it is 2024 or 2025. If it is 2025, I am reasonably confident that we will see access to E15—

Mr. NUNN. I appreciate that—

Secretary VILSACK. Let me finish.

Mr. NUNN.—Mr. Secretary, but the reality has been—

Secretary VILSACK. Let me finish. Let me finish, Congressman.

Mr. NUNN.—that you consistently—

Secretary VILSACK. Let me finish.

Mr. NUNN.—promise this and here we are—

Secretary VILSACK. No, no—

Mr. NUNN.—years in the making?

Secretary VILSACK. No—

Mr. NUNN. No, I have 8 seconds left, and I just want to highlight this, Mr. Secretary. It is important that not only do we work together, but we follow through on our commitments that we make to Iowa farmers.

Secretary VILSACK. We are following through.

Mr. NUNN. With that, Mr. Chairman—

Secretary VILSACK. It is not—

Mr. NUNN.—I yield back.

Secretary VILSACK. It is not fair to mischaracterize what we are doing here, Congressman. That is just not fair. That is not Iowa.

Mr. NUNN. Mr. Secretary—

Secretary VILSACK. I will tell you what, that is not—

Mr. NUNN.—2024—

Secretary VILSACK.—what we do in Iowa.

Mr. NUNN.—you made that commitment that we would be able to be E15 year-round. Is that correct?

Secretary VILSACK. Well, we are going to—

The CHAIRMAN. The gentleman's time has expired.

Secretary VILSACK.—be E15 year-round. We are.

Mr. NUNN. You just told me 2025 or sometime in the future.

Secretary VILSACK. Well, we will be E15. And I will tell you, we are the best Administration for ethanol in the history of this country, and I can guarantee you—

Mr. NUNN. That is only because of Iowa farmers and others who have led the charge on this.

Secretary VILSACK. [inaudible]—

Mr. NUNN. And I am glad you are responsive to them, but that is a huge part. Let's give—

The CHAIRMAN. The gentleman's time has expired.

Mr. NUNN.—credit to the farmers on this. Thank you.

The CHAIRMAN. I will recognize the gentlelady from Connecticut, Congresswoman Hayes, for 5 minutes.

Mrs. HAYES. Thank you, Mr. Chairman. Got it nice and chilly in here for you, Secretary Vilsack, so you guys had to heat it up. Thanks for being here again to talk to us. It is no surprise. You already know what I am going to ask about. But before I begin my questions, I just want to make note of the fact that we saw a chart earlier from the Republicans that showed that their class neutrality plan would not cut SNAP benefits. I think it is pretty basic math to say that, as more people are accessing these programs and it is growing, if we are not continuing to invest in them, that is in essence cutting SNAP benefits. You can call it whatever you want.

But we pulled data from the CBO's May baseline that refutes that account, so I have another chart that I would like to introduce into the record to show that if we keep the Thrifty Food Plan cost-neutral—this is the Republicans' plan; this is the Democrats' plan—benefits will be decreased. I would like to enter that into the record, Mr. Chairman.

The CHAIRMAN. Without objection.

[The information referred to is located on p. 170.]

Mrs. HAYES. Thank you. Secretary Vilsack, as you know, SNAP is the leading anti-hunger program in the nation. And according to the Center on Budget and Policy Priorities, the program reduces food insecurity by 30 percent. I have heard several times in this hearing that food is national security, so I would hope that we would be trying to feed more people, not less here in America.

And to do that, we have heard a lot about the data and how it is collected. SNAP administrators provide application assistance, answer client questions, and offer verification guidance for SNAP applicants. Throughout the pandemic, as you mentioned earlier, there was lots of flexibility, and SNAP administrators were

stretched beyond capacity as they worked to ensure families were fed.

Now, as we are looking at how do we improve these programs, as of April 2023, states and towns struggled to fill over 833,000 open positions for the employees who actually do this work.<sup>3</sup> I have concerns about that because I don't want us to look at the program as ineffective or inefficient because of staffing or administrative concerns.

So, Secretary Vilsack, what have you heard from state agencies about obstacles to recruiting and retaining SNAP administrators?

Secretary VILSACK. I think most of the agencies have asked for some kind of relaxation. And the concern is, we are providing \$5.7 billion to states across the country to administer these programs. And I think it is important and necessary for them to do what they need to do, to be able to recruit the staff necessary to administer these programs properly without necessarily cutting corners because when you cut corners, it risks the integrity of the program. So we are encouraging folks to get back to normal business. We appreciate the importance of flexibility, but I think there is a balance between flexibility and making sure that the resources we are providing them are being used adequately and appropriately to staff these programs.

Mrs. HAYES. I couldn't agree more. Last week, I introduced the SNAP Administrators Retention Act (H.R. 7285), which would allow states to receive 100 percent of the costs associated with hiring and retaining staff to run these programs. Additionally, it aligns the wages of the state SNAP administrators with Federal wages. These are commonsense solutions to improve access to SNAP, prevent backlogs, and feed real people.

Secretary Vilsack, on February 8, the USDA sent letters to states, including my State of Connecticut, expressing concern about the decline in several key benchmarks of state administration of SNAP. I heard you say earlier, people don't know about the benefits, they don't have access to them, they are not really sure how to go about getting them. Can you please elaborate on how the Food and Nutrition Service plans to collaborate with states to improve program efficiency?

Secretary VILSACK. We continue to provide technical assistance to states as they grapple with particular issues. We also have the Employment and Training Program, the SNAP-Education Program. There are a variety of ways in which we are providing assistance to states in the administration of this program. The challenge, I think, is that some states basically don't—they are not as aggressive as they need to be to make sure that people who qualify for the program actually sign up for the program. So we basically keep track, and if we see somebody that is below par, we basically encourage them to step up their activities. Sometimes it is with seniors, sometimes it is language issues, sometimes it is just making sure that the word gets out and you don't create too many barriers to participation.

<sup>3</sup> **Editor's note:** Mrs. Hayes submitted a clarification to her statement (supplementary information), it is located on p. 170.

Mrs. HAYES. Well, thank you for that. And like you, I agree that the government does work. We can make it work. I can tell you when a storm hits and FEMA comes, people are happy to see the government. I have a piece of legislation closing the college hunger gap, which does exactly that. When students apply for FAFSA, they would know if they were eligible for a program like SNAP. And we are all—it is one government. We have the ability to communicate across agencies, and I think we could do a better job of doing that.

Thank you so much for your time today. Mr. Chairman, I yield back.

The CHAIRMAN. The gentlelady's time has expired. I am now pleased to recognize the gentleman from Indiana, Mr. Baird, for 5 minutes of questioning.

Mr. BAIRD. Thank you, Mr. Chairman. And thank you, Secretary Vilsack, for being here today. My first question deals with getting some idea where you think you are in drafting the implementation of the SUSTAINS Act (Pub. L. 117-328, Division HH—Agriculture). That is a public-private partnership program. That will bring private dollars into the conservation program. So where do you think we are on that issue?

Secretary VILSACK. I have had a number of conversations with individuals in the investment bank world that would potentially be interested in promoting additional conservation investments. And we are providing opportunities for them to understand the various programs. I think there is some interest in this, and I think it is also reflected in participation in the Climate-Smart Commodity Partnership Initiative. We have a broad array of food interest, retail interest, nonprofit interest, as well as foundation interest in that program.

Mr. BAIRD. Excuse me. And continuing on in that vein, so to speak, the IRA conservation funding is limited to practices that are *climate-smart*, which we have mentioned earlier, as defined by USDA staff. And that makes roughly 30 to 70 percent of the conservation practices ineligible in some states for IRA conservation funding. And from my vantage point, this removes the locally-led producer-first nature of these programs and allows USDA staff in Washington, D.C., to choose which natural resource concerns can be addressed in Indiana or elsewhere.

So, Mr. Vilsack, since IRA funding is limited to climate-smart practices, how can you ensure that the locally-led nature of conservation programs won't be lost? And how important is the locally-led component of conservation programs?

Secretary VILSACK. I don't think they are being lost, Congressman. I think we are seeing tremendous interest and participation by farmers and ranchers and producers across the board. That is why these programs have all been oversubscribed. We literally have thousands of applications for the resources that are available above and beyond the resources that are available, so there is tremendous interest in this. So I don't think we are leaving anybody behind in this process. And I think people at the local level are fully engaged. Additional resources are going into personnel and cooperative agreements to get the word out. We are very pleased with the way in which the countryside has responded to this.

Mr. BAIRD. I think that is an important issue, the fact that the locals participate and have input into the kind of programs they are interested in. And I think we need to make sure we carry that on through and follow up on that kind of activity, so thank you. I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman yields back. I am now pleased to recognize the gentleman from North Carolina, Mr. Davis, for 5 minutes of questioning.

Mr. DAVIS of North Carolina. Thank you so much, Mr. Chairman. And good afternoon, Mr. Secretary. Thank you so much for coming before the House Agriculture Committee today.

I would like to first amplify that in rural North Carolina and rural America we continue to rely greatly on Rural Development, in particular, new fire trucks, getting those out into communities that often rely heavily on volunteer departments. Telehealth services, that is huge for our rural communities. I am also looking at ways to continue to help with economic support to small businesses. So I just want to continue to lift that up.

Where I would like to spend a little bit more time today is in particular looking and talking about broadband. Broadband, in terms of the long-term success of eastern North Carolina, much of rural America depends on access, making affordable access. My question is can you provide insight into the challenges that remain in bridging the digital divide and especially, as we are talking, getting this out into rural communities?

Secretary VILSACK. Well, I think the challenge is making sure that, first and foremost, the states do the job of utilizing the resources that are now being made available to them under the Bipartisan Infrastructure Law to expand access to broadband in areas that currently are underserved or unserved.

Second, I think it is important for us to make sure that, as we are expanding access, that we are doing it in a way that has meaningful broadband access, that it provides the kinds of upload and download speeds that will allow a family, for example, to have the ability to have somebody download—more than one person at a time.

I think it is important as well that we continue to fund—and you mentioned telemedicine—distance learning, that we continue to fund the tools that will allow institutions to utilize this expanded access to broadband in a way that then expands educational opportunities or healthcare opportunities in small and remote areas.

And then finally, I think we are going to continue to look at the technology necessary to make sure that it gets to the most remote of areas. Sometimes it is not physically or financially feasible to have particular technologies. And then there is a workforce issue and making sure that we have adequate number of people who are qualified to install and to maintain these systems. So it is a combination of all that.

Mr. DAVIS of North Carolina. And, Mr. Secretary, as a follow-up here, do you have any sense of a time in which we will see significant coverage across rural America?

Secretary VILSACK. Well, I can tell you that, based on the recent survey that we concluded and published yesterday, we have seen an increase in access among American farms and ranches. About

78 percent of farms and ranches report basically access to broadband, and that is up from 75 percent. I think you are going to see rather dramatic increases over the course of the next 3 to 5 years as the resources that have been made available under the infrastructure law are fully obligated and ultimately result in the construction and implementation. I mean, you are seeing it now with our ReConnect program. We have basically gotten resources out the door. There are over 100 projects that we have announced awards for that are moving forward. You are going to see progress on those. And I think you are going to see states aggressively use the resource that is now available to them under the Commerce Department and the FCC's efforts.

Mr. DAVIS of North Carolina. Mr. Secretary, I have another question. The issue of hunger, in particular in the military, it has been receiving a lot of attention lately in the recent months thanks to the tireless work of advocates and organizations on the ground. When I look at the 2022 National Defense Authorization Act (Pub. L. 117-81), it included a new basic needs allowance for lower-income service members, which will help to address the issue. It is reaching fewer service members than we would hope, but, my question to you, are there any steps in particular that USDA or Congress you believe should take in order to address food insecurity, in particular with our military families?

Secretary VILSACK. We have an ongoing effort with the Department of Defense to institute this program and to make sure that families are aware of the capacity to qualify for these programs. I would like the opportunity, Congressman, to get back to you with what recommendations the folks who have been working directly with the Department of Defense have about any improvements to the effort. Obviously, we are deeply concerned about making sure that those who serve us, that they can fully utilize the programs that we have, so let me get back to you.

Mr. DAVIS of North Carolina. Thank you, and I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman's time has expired. I am now pleased to recognize the gentleman from New York, Mr. Langworthy, for 5 minutes of questioning.

Mr. LANGWORTHY. Thank you, Mr. Chairman. Secretary Vilsack, I appreciate you being here once again as we continue to craft an effective farm bill that supports our family farmers and reduces the regulatory burdens of this Administration.

But before I get into that, I want to bring your attention to an issue that is still impacting my district in rural upstate New York. As you may recall, just about a year and a half ago in December of 2022, Winter Storm Elliott ravaged my district in western New York and across the southern tier. And this was a once-in-a-generation storm that brought unprecedented blizzard-like conditions and subzero temperatures to the western New York community. Winter Storm Elliott also wreaked havoc on the dairy industry, resulting in the closure of dairy plants and extensive dumping of milk. Farmers in my district faced the grim reality of being unable to have their milk collected and delivered, compounding an already dire situation.



I do recall that USDA set up a Milk Loss Program, and I appreciate the efforts that the Department has made with the rollout of milk loss payments to producers in my district. However, I understand there is also a pending component of the program to reimburse cooperative loss. And, as you know, dairy cooperatives play a vital role in strengthening and supporting the well-being of family farm operations in my district and nationwide.

And with that, Mr. Secretary, I was wondering if you had an update or a timeline that you can share today on when those cooperative losses will be made available and if the Department has made any progress on that? I am interested in anything this Committee can do to support you in this effort and help move this along.

Secretary VILSACK. Let me get a specific answer to that question. Congressman, as I sit here today, I don't know specifically about the status of that. I thought you were going to ask me about the Dairy Margin Coverage Program, and I have a response to that question, but not to this one.

Mr. LANGWORTHY. Well, I mean, our farmers have been without payment for almost a year and a half now, and this is ridiculous. It is concerning to me that we have had no reimbursement for cooperative losses that have been made at all. And equally troubling is the lack of communication to producers in my district regarding a timeline or updates prior to today's hearing. So it is really important that we get this information to share with our constituents. And it is important to me that our farmers feel that they have been communicated with, and they have been left in the dark at this point by the Department.

Our agricultural producers, they are already struggling with this Administration's egregious green agenda and the regulatory policies that are causing our energy prices to skyrocket, and it has put farmers' backs against the wall. And this can also run them right out of business. So, all I ask you to do today is to expeditiously use all the tools that the Department has to get an answer and get these payments moved forward. And I think that is a very important step for the farmers in my district.

Now, moving on to a different topic, Mr. Secretary, last year, Dr. George Koob, the Director of National Institute of Alcohol Abuse and Alcoholism, suggested in an interview that the next version of our *Dietary Guidelines for Americans* might change the definition of *moderate alcohol consumption* to just two alcoholic drinks per week for men and women. Now, that would be a dramatic change from the current definition of up to two drinks per day for each man and woman, which is included in the DGA's release of December 2020. Does the USDA share Dr. Koob's suggestion that drinking more than two beers a day is excessive? And if so, can the USDA point to any new scientific studies released since December 2020 that would justify such a dramatic change in that definition of *moderate consumption*?

Secretary VILSACK. Frankly, our focus on the *Dietary Guidelines* is on the dietary guidelines and not things that are necessarily outside are being considered outside of the *Dietary Guidelines*. We want to make sure that it is science-based. Whatever is decided needs to be science-based, and that is why you set up a system with experts. You give experts the information. They make deci-

sions based on the preponderance of the evidence. We want to make sure that that system is followed, whether it is alcohol or any other aspect of our diets. We want to make sure it is science-based. That is what I am committed to doing.

Mr. LANGWORTHY. Okay. Mr. Secretary, well, I understand this process is developing the *2025 Dietary Guidelines*. That is well underway right now. I just ask that any recommendations based on sound science and not the usual regulatory overreach that we have seen by this Administration?

And my additional question I am not going to have enough time for, I am going to submit to you in writing. And, Mr. Chairman, I yield back.

Mr. MILLER of Ohio [presiding.] The gentleman yields back. The gentlelady from Kansas, Ms. Davids, is now recognized for 5 minutes of questions.

Ms. DAVIDS of Kansas. Thank you. And thank you, Secretary Vilsack, for being here today. I am very proud and happy to get the chance to serve as the Representative for the Kansas 3rd District. And my district is comprised of rural, urban, suburban, exurban. It is a pretty diverse district. And I do think we serve as an excellent example of the critical role that USDA plays, frankly, in every community across the country. Kansas farmers and producers in my view are some of the best in the world and would love actually to extend an invitation for you to come and visit us to see some of the innovative and certainly important work that they are doing out there.

In addition to my role on the Agriculture Committee, I also serve on the Small Business Committee and Transportation and Infrastructure Committee. And through those roles, I really have had the chance to work on supply chain issues from quite a few different angles. Strengthening the agriculture supply chain is important for all Americans, particularly for our farmers and producers as they are providing food for folks.

And I know that the USDA is doing a lot of work on this. There are tons of USDA employees who have taken steps to strengthen our agriculture supply chains as we recover from some of the recent challenges we have been seeing. And I am particularly grateful for some of the USDA food inspectors and the folks who are taking the time to make sure that meat and poultry processing are happening in a safe and effective way.

So I want to say that the progress that we have seen, which is a testament to the hard work of producers, processors, truckers, the intermodal workers, so many different people, we haven't seen the grocery costs that folks are dealing with come down for consumers in the way that, frankly, a lot of people need and would depend on. It remains a top concern for a lot of folks in my district, high grocery costs.

And I did get the chance to discuss this with Deputy Secretary Torres Small this past fall and would love to hear from you about some of the specific actions that USDA has been taking to increase the resilience of the agriculture supply chains to help bring down those costs for folks.

Secretary VILSACK. Well, let me give one example, an initiative that we are working with the Department of Transportation to

make sure that we are doing a good job of understanding the flow and deciding or identifying where there may be barriers in the supply chain and the flow of goods from here to there that create additional cost or additional disruptions that can result in supply shortages, which in turn result in increased cost. We have an initiative with the Department of Transportation to basically share data and information and analyze that information so that we can identify problems.

We also have an effort with the Department of Transportation to take a look at the supply of containers so that we know where there may be potential problems with container supply that we can in turn make sure that adequate containers are available to basically move product. That is one area. And then there is also the area—sometimes we forget the role that a particular disease or problem might result in terms of food costs. I am thinking about HPAI, the avian influenza, and the impact and effect it has on eggs. When there is an outbreak, when there is an expansion of HPAI for the migratory bird population, well, we are working with the industry to try to figure out ways in which we can minimize that. But when it occurs, egg prices go up because it impacts the supply of eggs. So there are a multitude of challenges with reference to food prices.

Ms. DAVIDS of Kansas. Yes, and I appreciate that there are a multitude of issues. I do have a couple more questions. I will submit them in writing. And the only thing I would say is I would love to work with you and your team on finding any hiccups that might exist in those interagency, inter-department agreements that you have when you are looking at things like supply chains.

Thank you so much. I yield back my time.

The CHAIRMAN [presiding.] The gentlelady yields back. I am now pleased to recognize the gentleman from Missouri, Mr. Alford, for 5 minutes of questioning.

Mr. ALFORD. Thank you, Mr. Chairman. I appreciate that. Thank you, Mr. Secretary, for being here. I think you will be glad to know that since we last met here a year ago, I boned up on pesticides. I am a freshman. I am learning every day about the ag industry and how we can help our farmers, ranchers, producers in Missouri.

I have been learning a lot lately about SNAP. And I want to be clear that I truly believe, Mr. Secretary, we live in the greatest nation known to man. If someone is truly hungry, can't work, we should help them on a temporary basis. And I know Representative Moore has touched on the SNAP overpayments, but I want to clarify just a few things with you today, Mr. Secretary. Each day in America there are \$30 million in overpayments in SNAP, \$11 billion a year. Do you consider trying to eliminate overpayments, waste, abuse, and fraud as making cuts to the SNAP program or taking food away from those who rightly qualify for the program?

Secretary VILSACK. No.

Mr. ALFORD. Thank you for that answer. Supplemental Nutritional Assistance Program is supposed to be a temporary help for those who are truly in need. And of course, we know the N stands for nutrition. Yet the second most common SNAP purchase is sweetened drinks, \$680 million, I believe, in 2022. Today, the obesity rate in America is nearly 40 percent, putting strain on an al-

ready stressed Medicare system. So, Mr. Secretary, how do I go home to the 4th Congressional District of Missouri and explain to my constituents and taxpayers there why we are doing this? Why are we funding to worsen the obesity crisis in America?

Secretary VILSACK. Well, Congressman, I think you have to kind of dive deep into the utilization of those products. What you are going to find, I think, in many cases is that that is a substitute for caffeine, a less expensive substitute for caffeine, with coffee and tea being more expensive. And many families basically use it for that purpose.

What we try to do in the SNAP program is provide education. We try to provide strategies for stretching that food dollar in a way that focuses on proper nutrition without stigmatizing those who are on SNAP.

Mr. ALFORD. Well, Mr. Secretary, I in no way want to stigmatize anyone, but clearly, the educational portion of this is not working. Our obesity rate is climbing through the roof. We are at a financial crossroads now with Medicare and Social Security, but this obesity issue I think can be directly related in part to poor nutrition in America, and part of that because of the Supplemental Nutritional Assistance Program.

Secretary VILSACK. Well, the challenge I think is—I don't believe you are suggesting is, I hope you are not—that it is only poor people that are obese or it is only

Mr. ALFORD. No, sir, I am not.

Secretary VILSACK. Okay.

Mr. ALFORD. No, sir.

Secretary VILSACK. Well, then, the question then becomes what can we do as a country not necessarily stigmatizing or setting aside one group of people, but recognizing the obesity issue is something that is across the income levels, across race, across the entire country.

Mr. ALFORD. I do appreciate that.

Secretary VILSACK. And that is—

Mr. ALFORD. That is a great answer. We have to focus in on that. But taxpayers should not be paying to make America more obese in my opinion.

Secretary VILSACK. Taxpayers—

Mr. ALFORD. Recently, Democratic Representative Jonathan Jackson and Don Davis and I filed the FAIR Labels Act of 2024 (H.R. 7130, Fair and Accurate Ingredient Representation on Labels Act of 2024) to ensure consumers are fully informed and know the difference between meat from an animal and protein grown in the lab or a petri dish. What is the USDA doing to inform and protect consumers when it comes to making them aware of what the truth is behind the sources of protein?

Secretary VILSACK. We are working on labeling to make sure that they properly represent the product, the characteristics of the product. We are working on labeling, just as we are working on the product—

Mr. ALFORD. How soon will that come out, sir?

Secretary VILSACK. I don't want to give you a specific timeline because I am not confident as I sit here that I know, but I will certainly get that to you. We are working on it.

Mr. ALFORD. Okay. Thank you.

Secretary VILSACK. We are working—I will tell you, though, that our priority is Product of the USA label, get that through the process because we do recognize people were taking advantage of that label, and consumers' expectations are not being met. There is misrepresentation there. We want to make sure that when you go to the grocery store, you see something Product of the U.S., you know that everything was done—

Mr. ALFORD. Good, let's work together on that, sir. Finally, should citizens of adversarial nations, including Russia, China, Iran, Cuba, be allowed to purchase any land including farmland in the United States of America?

Secretary VILSACK. That is a tough question, and I will tell you why—

Mr. ALFORD. You have 20 seconds to answer it.

Secretary VILSACK. Well, I will tell you what, let me put it this way. It is a tough question. I think the amount of land that is being purchased by those folks is minimal. I think people have this feeling that it is a lot of the land. It is not.

Mr. ALFORD. I say one outhouse is too many for a member of an—

Secretary VILSACK. Well, maybe—

Mr. ALFORD.—adversarial nation to buy in our precious sovereign land—

Secretary VILSACK. Here is the problem, sir. Here is the problem. You also want to sell product to those people, some of those people. So when I am talking to the Chinese Ag Minister, one of the first things he brings up is this whole notion of Syngenta, Arkansas, and so forth. They are our number one customer.

Mr. ALFORD. Can you go to Russia and buy land?

Secretary VILSACK. Forget Russia. I am talking about China. I am—

Mr. ALFORD. Can you go to China?

Secretary VILSACK. I am talking about China.

Mr. ALFORD. You can't have a sponsor, but they have to have 51 percent—

Secretary VILSACK. No, you can't.

Mr. ALFORD.—sponsorship.

Secretary VILSACK. And that is how I responded. But the reality is that—

Mr. ALFORD. I have gone over my time. I do thank you for being here.

Secretary VILSACK. That is our number one—

Mr. ALFORD. Thank you.

Secretary VILSACK.—customer. We have to be sensitive to that.

Mr. ALFORD. Thank you.

The CHAIRMAN. The gentleman's time has expired.

I am now pleased to recognize the gentlelady from Oregon, Congresswoman Salinas, for 5 minutes of questioning.

Ms. SALINAS. Thank you, Chairman Thompson. And thank you, Secretary Vilsack, for your leadership at U.S. Department of Agriculture. I just want to make a few clarifying points, given my colleague from Missouri I think has some things mistaken. USDA ERS research has actually shown that SNAP participants purchase

foods at rates similar to non-participants, and studies that actually track the impact of SNAP on the physical health of those recipients find that it is linked with improved nutritional outcomes, lower healthcare costs, and improved current and long-term health.

And nutrition incentives, as I am sure you are familiar with, or what we call Double Up Bucks, those provided via GusNIP are far more effective and productive. And would your agency be willing to discuss how Congress might work together to actually expand those programs?

Secretary VILSACK. Absolutely. We are excited about those programs, and we appreciate the money that came from the American Rescue Plan to do so to expand the programs.

Ms. SALINAS. Thank you. Okay. Now on to some of my questions for Oregon. Revitalizing rural America is of particular importance to Oregon's 6th district, my district, and since taking office, I have consistently heard from rural towns and communities, as well as local producers and landowners that all have a similar message. They are finding it really hard to access the resources the Federal Government has to offer and really because they may not have the wherewithal to complete complex grant applications or follow up with reporting requirements.

Unfortunately, the Rural Partners Network, which was established to help communities with precisely this problem, has not yet expanded to Oregon. And that is part of the reason that I intend to soon introduce the Rural Partnership and Prosperity Act (H.R. 7444), which was introduced over on the Senate side by Senators Casey and Fischer (S. 3309). The legislation would build on the Rural Partners Network via project and technical assistance grants.

Putting that all aside for right now though, could you just speak to the genesis of the Rural Partners Network and why it is so critical to provide that technical assistance to our rural communities so they can actually access programs intended precisely for them?

Secretary VILSACK. That program is really designed and specifically focused on persistently poor areas of the country, areas that have had a high poverty rate for decades, and it is designed to provide sort of intense care, intensive care, and a coordinated Federal Government response to the persistent poverty. We have asked for additional resources from Congress to expand that program. To date, you all have not provided us those additional resources.

Having said that, as a second wave of effort, we are expanding significantly the technical assistance grants that we are providing with some of our programs. In other words, we are setting aside resources to create technical assistance for those communities that need that so that we are trying to expand it that way. We are using cooperative agreements.

The other issue that we face is the match requirement. Oftentimes, communities would love to be able to participate, but they get discouraged because of the match requirements. So we are looking at ways in which we can distinguish between communities that are capable of making the match and those that aren't.

Ms. SALINAS. Thank you. The Inflation Reduction Act included \$100 million for Wood Innovation Grants. Communities throughout Oregon have benefited from these grants, and I have introduced bi-

partisan legislation to actually increase access to the program. Can you speak to how these grants can help develop markets for forest products, as well as providing your overall evaluation of the success of the program?

Secretary VILSACK. Well, it identifies ways in which wood products can be used in creative ways. I think it is one of the reasons we have seen an expansion of the cross-laminated timber or mass timber effort. It started with a grant from one of those programs, and now we have over several hundred, if not over 1,000 of these tall buildings now being constructed in the United States. So we give these grants in order to identify market opportunities in order to be able to showcase how wood can be used creatively. And we are seeing a pretty robust interest in these innovation projects. We are making grants every year, and we are seeing an up-tick, if you will, of interest in wood and wood products.

Ms. SALINAS. Thank you. And as the Ranking Member on the Forestry Subcommittee, I am particularly concerned by the dangers posed by increasingly intense wildfire events. And as was mentioned, just several years ago in 2020, my state had its most destructive and deadly wildfire season ever. And I fear unless dramatic investments are made in prevention and mitigation, we will see another catastrophic fire season in Oregon and across the West.

As you know, the Bipartisan Infrastructure Law and the Inflation Reduction Act provided significant resources in the form of both new authority and new funding to the Forest Service. Can you speak to how these authorities are better enabling the agency to implement the 10 year strategy to address the wildfire crisis?

Secretary VILSACK. We have been able to target and be able to get adequate resources to remove hazardous fuel from fire sheds and from landscapes that we know have high-risk potential.

Ms. SALINAS. Thank you.

Secretary VILSACK. There is a much more extensive answer to that, but that is the best I can do it in 5 seconds.

Ms. SALINAS. Thank you. And that is my time. I yield back.

The CHAIRMAN. The gentlelady yields back. I am now pleased to recognize, also from Oregon, Congresswoman Chavez-DeRemer for 5 minutes of questioning.

Mrs. CHAVEZ-DE-REMER. Thank you, Mr. Chairman. Good to see you, Mr. Secretary, and thank you for coming to testify today. I know it has been a long day.

I have heard from an alarming number of constituents concerned about illegal vehicular camping occurring with the Deschutes National Forest in my district. These activities are not only taking away vital public resources from my constituents, but also leading to lasting environmental damage. Around Phil's Trailhead and along China Hat Road, there have been numerous reports of unsanctioned bonfires, trash dumping, and burning, drug usage, dumping of human waste, trespassing onto adjacent private property, as well as violent crime throughout.

Not only is there a concern that there is no concrete plan of action to address these concerns, but also I am told that local volunteer organizations that are trying to work with the Forest Service will no longer be deployed due to safety concerns. Do you believe the current citation system is effective, or are stronger enforcement

mechanisms needed to ensure that those that are trespassing will be held accountable and stop the damage from getting worse?

Secretary VILSACK. Well, I think we need to look into that particular set of issues. I am more than happy to do that.<sup>4</sup> Thanks for bringing it to our attention. If there needs to be stronger enforcement, we will also obviously take a look at that. But in the meantime, let's figure out what we can do with the specific concerns that you have expressed.

Mrs. CHAVEZ-DEREMER. So you will commit to work with my office and the local agencies to find the solutions that are workable for us both?

Secretary VILSACK. Sure.

Mrs. CHAVEZ-DEREMER. Thank you. I would also like to note that my office is aware of the Northwest Forest Plan Federal Advisory Committee planning session that recently happened in Eugene, Oregon. The FAC was established to bring in different perspectives to amend the Northwest Forest Plan. I would hope that our office would be seen as a partner in any discussions involving our Northwest forest areas and will be involved in any future correspondence.

But moving on, it was recently discovered that a Chinese billionaire—now I know my colleague mentioned these about foreign ownership of U.S. farmland after an \$85 million purchase and nearly 200,000 acres of timberland in Oregon went unchecked for nearly 10 years. Ownership of U.S. farmland by foreign adversaries not only makes U.S. farmers and ranchers uneasy about our nation's food security, but it also poses serious concerns about the ability for the next generation of farmers to access land and begin farming and ranching for themselves.

I heard your answer previously, but, Mr. Secretary, do you believe that there are effective enforcement mechanisms existing within the USDA currently to ensure foreign land ownership does not go unchecked, or are more enforcement abilities needed within the USDA or another agency?

Secretary VILSACK. More is needed because right now, we have a self-reporting system. There are over 3,000 county recorder offices in the country. It is very difficult for USDA to monitor all 3,000 county recorder offices for deeds that are being filed. So I think there is a need for a conversation about precisely how far folks want to go to be able to know what transactions are taking place. Do you want a public database where every transaction of real estate in this country will be funneled into a single database that the Federal Government will have access to?

Mrs. CHAVEZ-DEREMER. Well, certainly to go unchecked. And in this particular case, the purchaser was tied to the Chinese Communist Party, and that is why I questioned that.

Secretary VILSACK. Sure.

Mrs. CHAVEZ-DEREMER. So I do hope that we can move further on this issue. I have a specific letter in to your office asking that.

So let's move on. I want to highlight that in Oregon wheat growers rely heavily on utilizing the Columbia Snake River system, as 90 percent of Oregon wheat is exported and over 60 percent of all

<sup>4</sup>The information referred to is located on p. 174.



U.S. wheat is transported through the river systems to markets overseas. This transportation method not only is safe and efficient, but it also is cost-effective. Mr. Secretary, if the Lower Snake River dams were to be breached and we lose this valuable transportation system, do you believe we will be able to continue to transport this volume of wheat to meet the global market demands?

Secretary VILSACK. I think Congress has the ability to determine whether or not a dam is going to be breached, and so you would obviously have the ability to stop that if there was a problem with agriculture.

Mrs. CHAVEZ-DEREMER. But do you believe that if this transportation is so valuable—

Secretary VILSACK. It is.

Mrs. CHAVEZ-DEREMER.—would we be able to continue to transport the wheat volume if those Lower Snake dams were removed?

Secretary VILSACK. Well, I would assume that you wouldn't let that happen.

Mrs. CHAVEZ-DEREMER. I won't have time for this next question on some labor questions, so I will submit it for the record, Mr. Chairman. And with that, I yield back my time.

The CHAIRMAN. The gentlelady yields back. I now recognize the gentleman from Illinois, Mr. Jackson, for 5 minutes.

Mr. JACKSON of Illinois. Thank you, Chairman Thompson. Great to see you again and glad we have reconvened.

Once again, Secretary Vilsack, I am honored to call you the Secretary of Agriculture. I can rest well knowing there is something in Washington that is working exceedingly well, and that is your advocacy on behalf of all of Americans and our food security.

Specifically, I would like to ask you about research has shown that individuals in rural areas and small towns participate in SNAP at higher rates than individuals in urban areas. Additionally, USDA's Economic Research Service recently found that SNAP benefit spending disproportionately increased economic outputs in rural areas when compared to SNAP economic output in urban areas. Can you address the misconception that SNAP is a program predominantly utilized in cities and elaborate on how SNAP supports rural communities and combats food insecurity in rural areas?

Secretary VILSACK. Congressman, I think there are a lot of misconceptions about SNAP, and I think it stems from who people think are on SNAP. I think people find it surprising that a significant number of people on SNAP are actually working. I think most people outside of those of us who know about the program think that it is all about people that aren't working. In fact, it is people that are working. I think the belief that there are a lot of folks who are able-bodied and should be working.

The reality is that is a relatively small percentage of the SNAP population. I don't think people realize that senior citizens are a population in SNAP. People with disabilities are in SNAP, working families are in SNAP, and a lot of children are involved in that SNAP program. So I think it starts and begins with the misunderstanding about who is receiving the benefits of SNAP. And then from that you begin to think that that must be an urban-centric

group of people, but it is absolutely not. It is across the country. It is wherever poverty is, and poverty is everywhere.

Mr. JACKSON of Illinois. And so a follow-up question on that, you have heard the practice of corporations actually steering people to these benefits on SNAP. Could you elaborate on that?

Secretary VILSACK. There have been in the past companies that have suggested or have encouraged or have made available information about programs. I don't know if they are aggressively suggesting people sign up, but making them aware of. And I think that is part of the challenge. I mean, it is a balance.

Mr. JACKSON of Illinois. So can we conclude that there is a struggle for American workers, and food insecurity is a major issue within the country?

Secretary VILSACK. There is no doubt that there are many, many, many working poor, working poor with an emphasis on working, people who are working a part-time job, multiple part-time jobs, or a full-time job at a minimum wage. And you know this. If you raise the minimum wage, you would reduce the SNAP population by a significant amount.

Mr. JACKSON of Illinois. A follow-up question regarding the economic benefits of SNAP. The USDA has been very successful in getting more small businesses to participate in SNAP. Is there anything Congress needs to do to support this work? Can you elaborate more on how SNAP is benefiting our farmers, retailers, and the overall economy, in addition to servicing low-income households?

Secretary VILSACK. Well, the reality is if people have the ability to buy more product at a grocery store, they are going to do it. And when they do it, it means that everybody in that supply chain, from the person who stocked it, to the person who packaged it, to who processed it, who produced it, who transported it, those jobs are all connected. And if you look at some of the major retailers, you will find that a significant percentage of their business is SNAP-oriented. So if you take SNAP and you reduce it or you eliminate it, you are obviously going to impact not just the poor families that are receiving it, but you are also going to impact all those people whose jobs are somewhat dependent on it.

Mr. JACKSON of Illinois. Are there any other comments that you care to make before I yield back my time, Mr. Secretary?

Secretary VILSACK. There a lot of comments I would like to make, but I think I will just pass.

Mr. JACKSON of Illinois. Well, I would like to say once again, Mr. Vilsack, thank you for your many, many years of service and your knowledge. And let it be recorded that you have gone through this Committee numerous times. You have taken all these questions really without notes. And you have been in for 3 hours. You have gone without lunch, once again, as you fight for American families. And thank you for your service again.

Chairman Thompson, I yield back my time.

The CHAIRMAN. The gentleman yields back. I now recognize the gentleman from California, Mr. LaMalfa, for 5 minutes.

Mr. LAMALFA. Thank you, Mr. Chairman.

Thank you, Secretary, for your time and effort here today and what you do. I can't let that dam removal bit on the system that Mrs. Chavez-DeRemer was talking about go by. Yes, that will be

very devastating for the shipping of crops in that area, as it has been devastating in my northern California area with the removal of the Klamath dams partly underway now and the filth and stink and stench and muck that is moving down the Klamath River ostensibly to be helping fish, the wildlife that has been wiped out there. The fish, you see hundreds of dead fish in the photos and deer that have been trapped out there the Fish and Game (California Department of Fish and Wildlife) had to shoot, all sorts of things going on with that.

And then also on the hit list—and that is devastating agriculture in the Klamath Basin, as well as the water being taken away from the Scott and Shasta Rivers down below. Also the Eel River, where there is a dam slated to—on the hit list there that will devastate part of wine country. So dam removal is not something that Congress controls. Otherwise, we would have put a stop to that. It is runaway agencies and environmental groups.

So the issue with forestry in my district in the West, we have suffered the Camp Fire a few years ago: 85 people lost their lives in the Paradise area. And then the Dixie Fire a couple years later, a million-acre fire, in addition to the many hundreds of thousands of acres of fire, individual 100,000 acre fires. As you know, in the whole West, it is millions per year.

So the issue comes down to what is Forest Service doing and the other entities—but we are talking about Forest Service—on Federal lands to get the job done? I know they, a couple years ago, put out a concept of 20 million over 10 years of forest treatment. Well, they have about 200 million acres in their purview. So that would mean 2 million acres per year, over 200 million acres. That would take 100 years to cover that if they were actually doing that.

So we have given tools in past farm bills and are trying to enhance that in this current farm bill with more categorical exclusions to help move the ball, but they haven't taken advantage of it. As of recently, it only put a handful of them out to move that. We have good demonstrations. We had a Tahoe project some years ago that, when wildfire hit that, the fire basically stopped where that treatment had happened, other areas where treatment happened on private lands.

So, Secretary, what can we do to get the Forest Service to act and stop the lengthy delays in the project planning process and use these categorical exclusions as we are trying to advance more so in the farm bill and make larger areas, 10,000, 15,000 acres, which is a drop in the bucket on the millions of acres?

Secretary VILSACK. Well, first of all, Congressman, 85 percent of the work that is being done is being done under the CE effort, so we are utilizing that tool on our ongoing, regular, consistent basis.

Mr. LAMALFA. It looks good, but 85 percent of how much?

Secretary VILSACK. Well, 85 percent—well, last year, I think we did 4.2 million acres. And not every acre of land, obviously, is the same, so what we have been able to do is identify where the risks are the highest. We have established about 250 priority firesheds, where we are providing resources for treatment because we see that as the highest risk. And each year, we are making the mark and meeting the mark that we set for treatment. And then we are

following up in areas that had been devastated in the past with reforestation efforts.

Mr. LAMALFA. But part of the problem is that in certain situations, burned acres are counted as treatment, and so—

Secretary VILSACK. No—

Mr. LAMALFA.—when you are looking at the overall volume that we have to do, we have millions of acres we have to get done and chip—what I am getting at is we have to have the private-sector—we have to use all possible tools, Good Neighbor Authority, we need Tribes, we need local governments, we need cooperation and not just—

Secretary VILSACK. All that is being done.

Mr. LAMALFA.—slow—

Secretary VILSACK. All those tools are being used in a very extensive way.

Mr. LAMALFA. But to the volume, I am talking pace and scale. We have to scale it up dramatically or we are going to keep burning millions.

Let me shift quickly to the climate-smart. I am looking at some of the figures on that. First of all, on the goals, what are we hoping to reach? That is a 5 year program, right?

Secretary VILSACK. Correct.

Mr. LAMALFA. Okay. And it was funded by the IRA, right?

Secretary VILSACK. No. It was funded by—

Mr. LAMALFA. Well, there was a kick-in of money towards that from the IRA, right?

Secretary VILSACK. No.

Mr. LAMALFA. CCC. All right, thank you. But there was an influx of dollars to—anyway, what I am getting at, I see the stated goal of 60 million metric tons of CO<sub>2</sub>. What is our baseline? What percent of the atmosphere right now is CO<sub>2</sub>?

Secretary VILSACK. I don't know what the percent is. The idea here is isn't so much the specific amount. It is learning what works and what doesn't work so that we can make sure that in the future we are using resources, conservation resources in the most effective—

Mr. LAMALFA. Okay. Tell me this then, because farmers are going to have to change practices to participate, and they could be frozen out—

Secretary VILSACK. No, no, no.

Mr. LAMALFA.—if everybody is doing this. I am a farmer in my real life, too. I farm rice. And so basically, if CO<sub>2</sub> tie-up means no-till, I do not have that as an option, whereas my neighboring crop might have no-till as an option, I don't. So we are going to be left behind. Farmers like the current conservation programs that are out there, EQIP and the others, but this new one here is going to require them to jump through hoops in order to maybe be competitive or not. So just can you just close on that, and I will yield?

Secretary VILSACK. Can I—

Mr. LAMALFA. Go ahead.

Secretary VILSACK. Do you want me to respond?

Mr. LAMALFA. Please. Please, Secretary.

Secretary VILSACK. It is voluntary. It basically creates an opportunity for us to learn what works and what doesn't work. And it

doesn't necessarily put people at a competitive disadvantage at all because you also have the regular conservation programs that they are utilizing. And it is not requiring them to go through a series of hoops. In some cases, it is actually paying them for what they are already doing. But the idea here is to measure, monitor, and verify the results so that we know what works and what doesn't work so that we don't invest in what doesn't work.

Mr. LAMALFA. Okay. The CO<sub>2</sub> number is .04 percent in the atmosphere. I yield back.

The CHAIRMAN. Okay.

Mr. LAMALFA. Thank you.

The CHAIRMAN. The gentleman's time has expired. I now recognize the gentleman from Illinois, Mr. Sorensen, for 5 minutes.

Mr. SORENSEN. Thank you, Mr. Chairman.

As the only meteorologist in Congress, I knew the answer to that. I couldn't help you, Mr. Secretary, sorry. But thank you for taking the time. I know it has been a long day. And as a meteorologist who worked in western Illinois for so long, I tracked many of the storms that went over Mount Pleasant, Iowa.

I did want to talk about what producers back home are talking about. They have underscored the need for regionally specific data to help them identify the right conservation practices for them that will improve soil health, build resilience, and sequester more carbon, quite simply, being smart with respect to changing climate.

My bipartisan bill, Advancing Research on Agricultural Climate Impacts Act of 2023 (H.R. 5160), or ARACI, will help the USDA develop a standardized methodology to monitor and inventory regional soil carbon. It also establishes a national soil carbon network so that farmers can access local data without disclosing proprietary information to determine which practices work best to improve soil health. Of the \$20 billion in Inflation Reduction Act conservation funding, \$300 million is designated to improve soil carbon measurement. So could you provide details on how the \$300 million has been spent thus far to address soil carbon MMRV?

Secretary VILSACK. It has been set up in a multitude of ways, Congressman, to establish basically not only a soil carbon monitoring network, which is a series of pilots, a series of locations across the country where we can do exactly what you are asking us to do, to learn regionally what the differences might be.

We are also setting up a greenhouse gas emission network to do similar work. We are going to take information, try to figure out are there better ways to manage the data, better ways to use technology, better ways to use artificial intelligence, and so forth, to be able to analyze the information. And from that, we want to be able to convert that into better tools and models for producers across the country to be able to utilize so that they have a better sense for their farm, for their operation what works and what doesn't work. So there is a rather coordinated effort within USDA in a number of mission areas to essentially use these resources to get data, to analyze the data, and convert it into meaningful tools for producers.

Mr. SORENSEN. I want to turn to the interest in solar for just a moment on agricultural land specifically, our agrivoltaics. This is rapidly increasing as we strive to achieve our renewable energy

goals. However, I represent some of the most fertile land in the world. I have producers today that say, "What are we supposed to do when we have an offer for \$1,200 an acre for solar on our farms?" Mr. Secretary, can you elaborate on some of the reasons why it is essential that we develop sound regional guidance that identifies the best practices for where we put solar in agriculture?

Secretary VILSACK. Well, I think it is an opportunity for non-productive land to be more productive, and so identifying where that is and encouraging the location. One of the things we are doing with our PACE and New ERA program was to have a series of listening sessions to address this issue of where does it make sense to have large-scale solar operations, and where doesn't it make sense so that people are sensitive to this.

I think it is also an issue of technology. What we are learning now is that people are beginning to look at a different configuration of solar farms so that you could essentially have a solar farm and a livestock operation simultaneously.

Mr. SORENSEN. Right.

Secretary VILSACK. So I think there is a combination of things that we need to be doing here.

Mr. SORENSEN. There is so much ahead and the all-of-the-above approach is important. Thank you, Mr. Secretary.

I want to conclude with this. Today, there is a significant concern regarding the impact that proposed cuts by the House GOP to the IRA conservation funding and Thrifty Food Plan reevaluation will have on both small-town businesses and our farm families. To my colleagues and my families back home, raiding programs that invest in high-demand conservation and nutrition initiatives like SNAP do not achieve a bipartisan farm bill, but instead they hurt the people who are struggling today.

Senate Majority Leader Chuck Schumer has committed to finding billions of dollars outside of the Senate Agriculture Committee's jurisdiction to help us pass a bipartisan farm bill in the Senate. I urge my colleagues to bring this. Working families across our country depend on it. Family farmers depend on it. Kids depend on it. And, Mr. Secretary, it is my hope that we can get a bipartisan farm bill across the finish line because it is that important.

And, Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back. I now recognize the gentleman from Wisconsin, the cheese king of Congress, Mr. Van Orden—

Mr. VAN ORDEN. That is correct.

The CHAIRMAN.—for 5 minutes.

Mr. VAN ORDEN. Write that down, Mr. Secretary. Thank you, Mr. Chairman. Thanks for coming. It has been a very long day.

And so what I would like to do is I just—I am a freshman, so I am at the tail end of everything. So I just solicited a bunch of my constituents, so these questions are coming directly from my constituents. The first one is going to come from Organic Valley, which is headquartered in La Farge, Wisconsin. It is not some left coast thing. That is from the middle of my district. It is awesome. And here is what they want to ask you.

Secretary Vilsack, dairy is an economic engine for the upper Midwest and provides bountiful nutrition for millions of Americans. We

are very glad that the House passed the Whole Milk for Healthy Kids Act (H.R. 1147), which is awesome. We need more milk options for schools and making sure that they can have whole milk if they choose to. I am really interested in solving the problems and leveraging private industry to make investments in dairy.

One of the efforts USDA offers is the Dairy Business Innovation Initiative, and these initiatives convene farmers, industrial partners, academia to tackle production, processing, marketing, and the marketing needs of the dairy industry specific to each initiative's coverage area. Focused on enhancing the capacity and vitality of the dairy industry, the programs offer grants to industry participants.

We would like to know how strong is the demand for the DBIs? And can you tell us how many projects are funded? That is the first part. How many applications are received, the second part. How much funding is requested by companies and farmers applying, and how we are measuring the effectiveness of each DBI?

Secretary VILSACK. I think I understand the question.

Mr. VAN ORDEN. Yes.

Secretary VILSACK. And if I don't and I don't answer it, we will be glad to get the answer.

Mr. VAN ORDEN. Very well.

Secretary VILSACK. I believe there are four of these in the country.

Mr. VAN ORDEN. Yes.

Secretary VILSACK. We allocated \$20 million to each of the four.

Mr. VAN ORDEN. Yes.

Secretary VILSACK. And they make decisions based on where those resources need to be allocated.

Mr. VAN ORDEN. Okay.

Secretary VILSACK. So they would have the information in terms of the number of grants and specific investments.

Mr. VAN ORDEN. Okay.

Secretary VILSACK. So, we don't control—once we give the resources to the innovation center, it is the innovation center that makes the determination.

Mr. VAN ORDEN. So if we could get that information from these guys later, or if you could help us do that, I would appreciate it greatly.<sup>5</sup>

Here is the next one. We heard from our organic dairy farmers and organic milk buyers that the Federal Milk Marketing Orders offer no benefit or value for organic milk and have no bearing on day-to-day organic milk prices. The most recent FMMO hearings that concluded this past month did not review a proposal to exempt organic milk from pooling obligations, leaving hundreds of organic farmers frustrated and disappointed. Is the USDA willing to hear a proposal and establish a hearing on the role of organic milk in the Federal Milk Marketing Orders?

Secretary VILSACK. I mean, the challenge is the underpinning of a Milk Marketing Order is participation by dairy producers. And I think it is a complicated question they are asking that would require us to kind of think about ways in which it wouldn't nec-

<sup>5</sup>The information referred to is located on p. 173.

essarily compromise or jeopardize the traditional dairy producer if we were to set up a separate program. We will see what happens with the Federal Milk Marketing Order hearing that just concluded.

Mr. VAN ORDEN. Yes.

Secretary VILSACK. Over 12,000 pages of transcript now being reviewed.

Mr. VAN ORDEN. And, sir, I have a couple more through the guy, so this is from our hog producers. They are losing an average of \$30 per head due to high input costs. What can the USDA do to support our hog producers to ensure that they can pass on these operations to the next generation?

Secretary VILSACK. We continue to purchase pork through our surplus programs. We continue to promote pork exports. I mean, that is two ways of providing assistance and help.

Mr. VAN ORDEN. Okay. And then where do you stand on Prop 12 in California?

Secretary VILSACK. Where do I stand on it?

Mr. VAN ORDEN. What are your thoughts? I know it went to the Supreme Court and said Congress should act. I agree with the Supreme Court. We should be acting.

Secretary VILSACK. The problem is that essentially every state can do this, and I think it is chaotic. It is going to be chaotic.

Mr. VAN ORDEN. Okay. And then the Wisconsin Farm Bureau would like us to highlight, the change in dairy pricing for me has negatively affected dairy farmers across the country, and Wisconsin is losing about one dairy farm a day. Many of my constituents are asking the USDA to use their emergency powers to change the dairy pricing formula from the "average of" to the "higher of." No one has testified in opposition to changing this formula. The USDA is considering making the change through the FMMO hearing process that just concluded. We talked about that. Unfortunately, they are on step 5 of 12 in the process. Dairy farmers can't wait till 2025. Do you support accelerating this process?

Secretary VILSACK. I am not prepared to answer that question because I need to have a better understanding of exactly what you are asking.

[The information referred to is located on p. 174.]

Mr. VAN ORDEN. Okay.

Secretary VILSACK. What I would do is give you this, which will provide you some information on how we are helping the dairy industry—

Mr. VAN ORDEN. Okay.

Secretary VILSACK.—the pretty significant amount of help that we are—

Mr. VAN ORDEN. Well, thank you, sir. And, Mr. Chairman, I have several more questions I would like to enter for the record. They are coming from our corn growers.

The CHAIRMAN. Without objection.

[The questions referred (*Questions 3–5*) to are located on p. 221–222.]

Mr. VAN ORDEN. All right. Thank you very much, sir, and I yield back. Thank you for your time.



The CHAIRMAN. You are welcome. Now I am pleased to recognize the gentelady from Michigan, I have to say an early cosponsor of Whole Milk for Healthy Kids, Congresswoman Slotkin, for 5 minutes of questions.

Ms. SLOTKIN. Thank you, Mr. Chairman. You are almost done. You are getting down to the dregs of us here, so almost out.

Mr. Secretary, you have answered it in a couple different ways, but just to put a sharper point on it, my questions have to do with this concept of foreign ownership of American land, farmland. Last time you were here in March I asked you about this. You pushed back that, in a state like Michigan, the majority of foreign land is owned by the Canadians by far, the Dutch, folks who are our friends. But since then, the GAO and others have come out I think you have heard a bipartisan concern about adversarial states, a very small handful of states who we could have a potential problem with down the road.

Myself and Representative Feenstra from this Committee put together something that we tried to make real, which is that when a foreign entity from an adversarial country tries to buy farmland, they would just go through a national security review. This is exactly what happens if farmland right now wants to be sold to a foreign country of any kind next to a military base. I am from the Department of Defense. So we have a process, but it is just very limited.

How do you think about a process where we wouldn't be clamping down and saying "No" unilaterally, but there would be a national security review of the sale to foreigners of farmland?

Secretary VILSACK. Yes, I have suggested that USDA ought to be part of the CIFIUS (Committee on Foreign Investment in the United States) process, which is an extension of your question. I think that would be fine.

Ms. SLOTKIN. Okay. And part of that bill is giving you a seat at the table on CIFIUS, which is our long-standing process. I think it would be great if there was a bill that you liked, and then we could push forward since I do think it is a bipartisan issue.

The second question, from Michigan, our tagline now is we are the most diverse agricultural state in the country with regular access to water, right? That is our dig at California. And because of that, you know that we have cherry farmers, stone fruit farmers, asparagus, mint, we have a ton of smaller farmers, not monocropping. And the number one issue they raise with me when I sit with them is the cost, reliability, and availability of labor, right? Our kids don't go and work on farms anymore in the summer in the same ways. So getting that H-2A program is vital for our farmers.

And they keep talking to me about the mandatory increases in the wages for those coming to work on their farms, not that they don't want people to make decent wages, but how are we asking them to increase year over year when their profits aren't going up, right, just kind of basic bake sale math? We have talked with the Secretary of Labor about this. But can you confirm, do you have any tools in your toolkit as the Secretary of Agriculture that would be able to provide waivers, for instance, for our smallest farms, for little guys who just can't afford these increases?

Secretary VILSACK. We don't have that, but what we did do is create this farm labor stabilization pilot with \$63 million from the American Rescue Plan and put it out there for producers of all kinds and all sizes and all states. We got over 300 applications for assistance. And we are in the process of trying to figure out, among those 300 operations, who is going to get resources. And what struck me in connection with this was that most of the people applying wanted to have a higher threshold in terms of wage levels, in terms of healthcare, in terms of housing for their employees. We expected them to go in sort of at the base level where the costs would be significantly less, but we had more applications at the higher level, which I thought was interesting.

Ms. SLOTKIN. Yes. But that program is closed, right? There is not a relief program for current small farmers?

Secretary VILSACK. We don't have anything available as you suggested.

Ms. SLOTKIN. Okay.

It is just hard, as someone who is in the Executive Branch and a national security person, to understand that there is literally no special authority to make very, very rare decisions for the Secretary of Agriculture or the Secretary of Labor, all these folks. You can understand how farmers feel like it is a bureaucratic answer that, "Well, we can't do anything, we can't do anything." Are you sure there is not a special authority that you have for waivers or to do something more on this issue? Have you looked at every legal possibility?

Secretary VILSACK. I have.

Ms. SLOTKIN. Okay.

Secretary VILSACK. And I will tell you why it is frustrating to have these questions asked.

Ms. SLOTKIN. Yes.

Secretary VILSACK. Because you all had the ability to get this solved, and farmers had the ability to get this solved by supporting the Farm Workforce Modernization Act of 2021, which would have capped a level, but it didn't get through. Why didn't it get through? Politics.

Ms. SLOTKIN. Yes. And I am a cosponsor of that bill. Okay. Well, thank you for your attention to the issue, and thanks for being here. I yield back.

The CHAIRMAN. The gentlelady—and for the record, it did pass out of the House.

Secretary VILSACK. I know it did with a bipartisan vote, bipartisan vote, and it had a majority of Members of the Senate—

The CHAIRMAN. And it got hung up in the Senate.

Secretary VILSACK. It is frustrating.

The CHAIRMAN. Unfortunately, some of the more difficult points were just a few, were not addressed in the Senate.

I am now pleased to recognize the gentleman from Ohio, Mr. Miller, for 5 minutes.

Mr. MILLER of Ohio. Thank you, Mr. Chairman and Ranking Member. And, Mr. Secretary, it is good to see you again. I remember the first comments you gave me that I am usually the last person to go here, and you are a very patient young man. Well, I got

to tell you, Mr. Secretary, you are a very patient Secretary, so thank you.

Agriculture is one of Ohio's largest industries, and our state ranks 9th in the nation in the number of farms. However, I have heard firsthand from farmers and livestock producers in my Congressional district and through local leaders in my Agriculture Advisory Council key concerns impacting farm economies throughout the northeast Ohio region. More troubling is the U.S. Department of Agriculture's most recent farm income forecasts released just last week, indicating a 25.5 percent decrease in farm income from 2023. And I know that was touched on earlier.

Major priorities I have heard resound from our region's farmers include strengthening the farm safety net, ensuring viable access to risk management tools, incentive-based conservation initiatives, innovative technology, research, expanding biofuels, trade market promotion, safeguarding animal health, USDA meat inspection partnerships, robust career technical education, including training tools to lift the underserved, and key areas to strengthen Ohio's farm economy.

I have several questions, including the rising agricultural trade deficit of \$30 billion and loss of trade opportunities expanding crop markets through sustainable aviation fuels, including my bipartisan, bicameral Farm to Fly Act of 2023 (H.R. 6271/S. 3637) and critical GREET modeling updates, and on behalf of the Ohio Department of Agriculture, concerns related to cost-share partnerships in meat inspections. If we are not able to cover all of my questions today, which I know that we are not, I am going to submit them. But I would respectfully ask if you guys could give us a response in writing.

So trade, while international trade is critical to Ohio and United States agricultural producers, USDA's most recent outlook for the U.S. agricultural trade signaled the agricultural trade deficit nearly doubled last year, rising to \$30 billion, straining the ability of U.S. producers to meet global food demands. The USDA report detailed trade losses as driven by reductions in grain and feed livestock, poultry, and dairy exports. For this reason, I am working with several of my colleagues, including Representatives Duarte, Craig, and Feenstra, on a letter to you and Ambassador Tai seeking strong U.S. leadership in global agricultural trade.

Mr. Secretary—finally, I get to the question. I am out of breath. So, Mr. Secretary, for roughly 60 years, the U.S. ran an agricultural trade surplus, while that is no longer the case, and over 30 major U.S. farm organizations through the President's Export Council have called to expand export market opportunities for United States food and agriculture. Can you please detail your plans to address this trade deficit and empower American producers to remain leaders in the global trade market?

Secretary VILSACK. We recently announced our regional Agricultural Promotion Program designed to expand opportunities in some of the lesser-known market opportunities, which we think will allow us to diversify so we are no longer as totally reliant on China. The reality is, when the Chinese economy suffers, basically, exports suffer. When our economy is stronger than any other economy in the industrialized world, our consumers are able to pur-

chase more, the world's consumers are able to purchase less. That impacts exports.

The fact that we, for too many years, ignored our infrastructure needs, allowed our competitors to catch up with us, now we are trying to address the infrastructure needs. That is also part of it. But we did put this RAPP program together in an effort to try to invest in more presence, more trade missions, more promotions, more ability to get the word out about U.S. products. I think we will be cost-competitive, and I think you are going to continue to see an up-tick in exports. We did have record years in exports the last couple of years, and I expect and anticipate that we will get that surplus back, but it is going to take a year or two.

Mr. MILLER of Ohio. Yes, and thank you for that detailed answer. And I know you look at this through this lens—and I am speculating, so I shouldn't speak for you or anybody else—but with trade comes national security implications in terms of strengthening our relationships with foreign countries. And all I ask is that we continue to explore any of those opportunities as the world is how it is right now, and looking to strengthen our relationships with just people around the globe, I think, is extremely beneficial.

I am just going to go right into what I talked about earlier about agriculture and meat inspection cost-share. I am just going to go right to the question, Mr. Secretary. Given the critical nature of broadening meat inspection capabilities, which I understand has been a priority to this Administration, what options is USDA considering providing the maximum 50 percent reimbursement to state meat inspection programs?

Secretary VILSACK. Well, if we have a budget, we are in a position to do more, so pass a budget.

Mr. MILLER of Ohio. Well, I am going to go ahead and say that is going to be an impossible task right now.

Secretary VILSACK. Okay.

Mr. MILLER of Ohio. Second—actually, we are out of time, Mr. Secretary. I have the questions. I will submit them to you. Thank you for your time, and thank you for your patience.

Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back. I now recognizes the gentleman from New York, Mr. Molinaro, for 5 minutes of questioning.

Mr. MOLINARO. Thank you, Mr. Chairman.

And thank you, Mr. Secretary. I was happy to have you visit the east part of upstate New York's 19th Congressional District. I would welcome you back to the west part of upstate New York's 19th Congressional District, Cornell, I think, and a lot of rural communities would love to have you visit.

I come from a local government background, and I continue to hear from municipal leaders and community leaders about the lack of access to technical assistance for rural development grants through the USDA. You kind of addressed this, I think, in a good-natured way. I would like to return to the question though. By nature, rural development grants are intended to support rural communities. And of course, in many cases, they don't have the technical expertise or the staff or even the time to fulfill those grant application requirements.

So right now, the USDA, as you know, continues to announce new pools of funding available for everything from energy to infrastructure, manufacturing, and beyond, but the fundamental problem still exists. I think you recognize that small municipalities and farmers don't have the capacity to access these programs. And, sadly, funding is being distributed unevenly and in many ways inefficiently. Could you discuss with us why would USDA announce new initiatives, some authorized, some not, without having the capacity to assist farmers and municipalities? And how might that be remedied?

Secretary VILSACK. Well, with due respect, Congressman, I don't think that is accurate. I think we have invested through expanded cooperative agreements and contracts with a number of organizations and entities that are helping farmers all across the country being able to access programs and assist them in basically applying for programs.

Mr. MOLINARO. Yes, I don't think that this is anecdotal. It is certainly not in New York. Farmers have consistently seen the inability to access that technical assistance.

Secretary VILSACK. Well, we have literally over 100 organizations that we are contracting with on NRCS, 30 organizations that we are contracting with FSA, so the assistance is there and the help is there. We are also, as part of a number of the new initiatives we have set aside, as I said earlier, a series of resources to be able to provide for technical assistance.

And plus, I was a mayor of a small town, so I came from a local government background also. And what I do know is that many, many states have regional economic development councils, councils of government that basically provide that service. I am surprised that New York doesn't have those kinds of regional local government assistance programs to basically help with the grant writing. Have you—I mean, I don't know if—I can't imagine that New York doesn't have those—

Mr. MOLINARO. New York does not have an institution for municipal assistance when it comes to grant writing. But I am heartened to hear that you don't believe there is additional need to meet those new initiatives. I just would say again that, without question, farmers and communities have consistently said this to me, certainly now in this role, but I experienced it as a county executive and village mayor myself. But—

Secretary VILSACK. Let me also say we are simplifying the process. We have cut the application process, for example, for loans in half. We have created a loan assistance program. We are using technology on our website to maybe make it a little bit easier, so we have simplified the program.

Mr. MOLINARO. I appreciate that. I would encourage then the continued earnest look at making those greater efficiencies. And certainly, we will communicate where we think in the state, certainly in New York, there are some concerns.

I did want to ask at least one other question. One area of obvious concern for us in upstate New York is as it relates to our dairy farms and fair milk pricing. With the recent conclusion of the FMMO hearing, farmers are anxiously waiting for final determination from the USDA with some optimism that the Class I mover

will be restored to the “higher of” the pricing system. Can you provide to us any insight as to the next steps for the USDA and estimated timeline for a decision announcement?

Secretary VILSACK. An analysis of over 12,000 pages of transcript, hundreds of exhibits needs to be analyzed and reviewed by their folks at USDA, and the economists and so forth at USDA. That is going to take some time, but our expectation is that we are going to try to get this done this year.

Mr. MOLINARO. So your estimation is sometime within the next 10 to 11 months?

Secretary VILSACK. Sooner than that probably.

Mr. MOLINARO. Okay. I certainly would follow up as it is of concern to obviously many farmers across America, but upstate New York is struggling in this space as well.

With that, I will submit some additional questions, Mr. Secretary. Again, you have an open invitation to visit the west end of upstate New York. The folks at Cornell would love to see you.

Secretary VILSACK. Thank you.

The CHAIRMAN. The gentleman yields back. I am now pleased to recognize the gentlelady from Florida, Congresswoman Cammack, for 5 minutes of questioning.

Mrs. CAMMACK. Well, thank you, Mr. Chairman. Thank you, Mr. Secretary, for coming before the Committee.

I will jump right into it. As my colleagues and I, here on this Committee, have repeatedly said, “Food security is national security,” and it is important that we do everything we can to support and protect American-grown products. Now, as you know, unfair competition from foreign imports is a growing problem for our producers. And specifically in Florida, without seasonal or perishable protections, this is a growing concern. We know that Mexico has unfair schemes targeting Florida producers specifically. And I know that many of my colleagues have raised similar issues on everything from peaches and honey and apple juice from China to seafood from Russia, all of which is ending up in American schools.

So, specifically, what is USDA doing to ensure that American-grown products are being served in American schools? And is there a requirement for American-grown products to be used in schools?

Secretary VILSACK. There is a requirement that food that we purchase has to be produced and processed and every aspect of it being done in the U.S.

Mrs. CAMMACK. Okay. Now, what are you doing to ensure that that is in fact happening? Because, as I have just laid out, we are finding products from all over the world, from Russia and China, *et cetera*, in our school systems.

Secretary VILSACK. Well, if you want to give us information about the specific schools, we will be more than happy to take a look at that specific circumstance. We have a process in which we, through our Food and Nutrition Service, do the best we can to ensure that the purchases are being made are consistent with the rules and regulations of FNS.

Mrs. CAMMACK. So I will tell you what, by the end of the quarter, you and I can have a conversation, and I will make sure my team gets the data to yours, and we can go through that.

[The information referred to is located on p. 173.]

Secretary VILSACK. Right. I would be very interested in the names of the school districts that you have alluded to so that we could take a deeper dive into that particular area.

Mrs. CAMMACK. Okay.

Perfect. Now, moving on, according to FSA staff, as of February 9, there are currently 1,550 applications for ECP assistance with the USDA that are either approved and not paid, not approved, or still pending in the wake of Hurricanes Ian and Idalia. Now, you and I have chatted about this offline, but it has been a year and a half since Hurricane Ian and 6 months since Idalia. While the local FSA staff has been very helpful, the few that we have and we know that that is also an issue—the ability to process these applications in the aftermath, it is, simply put, just inadequate, and it is unacceptable. Mr. Secretary, can you explain the delays in our producers getting the assistance when they need it the most?

Secretary VILSACK. We are doing the very level best we can to get the resources out. I mean, I know that you wanted to ensure that the state would be allowed to do this block grant process. And you know what, if you authorize it, if Congress creates the opportunity for this, we will be more than happy to utilize that program. But in the meantime, we are doing the best we can with the resources that we have.

Mrs. CAMMACK. Well, and I will say there are certain flexibilities and liberties that you as Secretary can take to make programs a little bit more flexible and get the money out the door faster, so I would encourage you to utilize that authority.

In your written testimony, you mention that the Biden Administration's historic investments have allowed USDA the opportunity to ensure small- and mid-sized producers get a fair shake. Those are your words. However, other agencies in this Administration are proposing burdensome regulations and, if finalized—and some of them already have been—that will regulate these very producers that you are saying that you want to protect, it is going to regulate them out of business. Some examples of the regulations include *Waters of the U.S.*, or WOTUS as we call it; the effluent limitation guidelines and standards for meat and poultry products; animal waste air emissions reporting; the politicization of crop protection tools; the SEC climate disclosure rule, just a few. Heck, I had the Administrator of the EPA tell me to my face point blank that he had no idea what contour terracing was or vegetative filter strips were. And yet his agency is mandating them for the producers that we are here to try to protect and support.

So, Mr. Secretary, from my vantage point it appears as though other agencies in this Administration are playing in USDA's sandbox, and they are wanting to dictate what producers grow and how they do it. So instead of advocating for farmers and ranchers as intended, USDA is laser-focused on expanding and funding policies related to what they believe to be climate-smart. Now, you have testified multiple times, including before this very Committee, that you don't want other agencies to tell you how to do your job. Yet at every other opportunity, other agencies are telling our farmers and ranchers how to do theirs.

So you end your written testimony asking if we are okay losing another 400,000 family farms in the next 30 years. However, over-

regulation by the other agencies in this Administration outside of USDA, they are on the path to do exactly what your testimony is outlining. So instead of idly standing by, I would encourage and implore you to take a very active role within this Administration of which you serve to advocate for farmers and ranchers not only in your Department, but across the other agencies that are pushing our producers out of business.

With that, Mr. Chairman, I am over my time. I yield back.

The CHAIRMAN. The gentlelady's time has expired. Seeing no other questions to be asked by Members, before we adjourn today, I want to offer my closing comments. Ranking Member Scott had an unavoidable conflict and was not able to be here for his closing comments.

First, Mr. Secretary, I want to thank you for joining us today. Quite frankly, your mastery of the tremendous width and breadth of the issues of agriculture, which is the industry itself, it is so complex. There is so much there. And I know you are to be commended and appreciated for your mastery of that information. I think we share the same goal, that, at the end of the day, we want a highly effective farm bill. I think the case has been made for that. You have made the case for that. Every Member on this Committee I talk with makes the case for that.

And I think we have worked together to achieve from a policy perspective that end goal. Where we disagree perhaps is, quite frankly, we have to find a way to pay for it. And so it is kind of a pipedream to—and it would be a shame, the good bipartisan work that we have done. I want to thank our Members for participation—we had almost everyone—and thank our staffs for doing such a great job of putting this together.

I do question whoever is in charge of the heat in the room, I don't know about you, but I am about frostbitten here.

So as I close, there are a few points I want to make. I heard a number of times about, quote, "the inability to pass a farm bill." And I just have to say agriculture policy, the agriculture industry takes teamwork, and we all need to be working as a team. And, quite frankly, there are probably a lot of reasons why we haven't got a farm bill done, let alone the fact that this farm bill needs to pass—has to be—the Senate has to take action and reconcile. That is hanging out there, and I don't know how soon they are going to be ready.

But, that said, we are still waiting on USDA technical assistance. We have at least a dozen requests that have been submitted at least 6 months ago. We are still waiting. And we have gotten great technical assistance, but they are still pending from USDA, and we need to have that technical assistance to make sure that we are on track with great policy, highly effective policy. CBO has come along, but they still have their work that they need to complete. And by law, we can't really proceed without them.

And then, quite frankly, we have a syndrome that is going on in this Committee and I would say in the Executive Branch, we have funding denial. And I will come back to that. For the record, this Committee has not been idle. Each Member here has been invited to the countryside to hear from the very people that we are charged to represent. And I have been very appreciative and thankful for



the bipartisan participation that we have done over the past 3 years, thousands of miles, meetings, roundtables, visits, as was illustrated today, on-farm, seeing agriculture in action. And that is how you build a great farm bill. You make it tri-partisan. It is Democrats, Republicans, and quite frankly, the industry, and those are the voices that we have brought to the table. We have actively engaged our Members in a bipartisan way, have actively engaged in roundtables and discussions to build a bipartisan product when it comes to policy.

We have also heard today a lot of cherry-pick data points, and there is a lot of data out there to pick from, I get that, but attempts to paint the farm economy as positive, the Department's own analysis shows a very different story. And when you spend time with as many different farmers and ranchers, key stakeholders in rural America, it is a different story today. They are struggling.

I have also gathered that this Administration continues to demonize farmers, frankly, of all sizes in cases where they do not subscribe to a far-left climate agenda. Now, I think hopefully everybody in this room and most people watching know that, I appreciate the fact that our farmers and ranchers, quite frankly, are climate champions. We don't give them credit for what they do already. And I am all in favor of—and knowing that American agriculture can be defined as *science, technology, and innovation*. It is not static. It is dynamic, and we will move it forward. And we will move forward with this farm bill.

But the fact is that, to do that, there are good ways to do that and there are ways that really aren't helping the American farmer. Instead, this Administration is embracing continued inflation, record costs for production. And I appreciate that some of the things we have talked about have come down a little bit, but they are not down to where they were to that in past years and really what leads to the destruction of the agriculture landscape. I guess that is a complex way of saying the loss of those family farms that we have all noted that have gone out of business and the threats to lose more in the future.

I also heard that a historically uneventful market basket update has been proudly manipulated to solely allow Democrats to increase the welfare state. And the recently submitted chart for the record from my colleague is disingenuous. Using a distortion of CBO's data really is partisanship at best. For those who will take the time—and it is not like there hasn't been ample opportunity to read the proposal—by the way, the only credible proposals put forward for funding this farm bill, which includes being prescriptive, providing Article 1 authority in terms of—and not in an abusive way of how a future Thrifty Food Plan is evaluated.

I heard so many times the word *cuts* when it comes to that proposal for being prescriptive for the Thrifty Food Plan. What is disingenuous is the leading factor in terms of hunger for many families that are struggling really in poverty is the cost of living, the impact of inflation, and just other factors, supply chain disruptions, things that would drive up the cost of living. Cost-of-living adjustments is not being taken away in this proposal. That is the primary driver of increased costs and financial burden on these fami-

lies. It is disingenuous. And that is being nice. I can think of a few other words of saying that our proposal makes cuts.

And a lot of talk about USDA's climate-smart pilot, which, quite frankly, would be better done not by using CCC, which should be there to directly help our farmers who are challenged financially, I would say that fits much better under what has been rolled out by USDA under "research." And I am pretty confident there is a bipartisan consensus, we need to invest more in research. I mean, we are still way ahead of our competitors around the world, but they are spending more on an annual basis, and they will soon catch us. And that is not where we want to be with American agriculture. So I would say a better route would have been to work with us through the Research Title.

Quite frankly, it is a unilateral insertion of USDA into the private marketplace, costing billions in taxpayer dollars with zero metrics for success and zero transparency and a self-imposed fiscal cliff. And that includes the IRA monies, 2031, whatever is not spent, we hope it is all spent in an accountable way as an investment, not just to get it out the door. All those remaining dollars go away. The proposal we put on the table means that by rolling it into the farm bill base, that money for conservation would be there for farm bills in 2050 and 2055. It would continue to grow and increase investments.

I am also frustrated by the fact of the lack of an answer, but we will follow up personally with you on this. When asked about the SUSTAINS Act, you talked about the interest. Well, we know there is interest because that is how we built that piece of legislation that President Biden signed, and that was 14 months ago. And if we are really serious about getting investments into conservation, then we will want to bring the private-sector to the table and I think will come in a big way. But that is not going to happen until the regulations for implementation are written. And in 14 months, at a time where we all know that conservation is so important, it is too long.

To my friends on the other side of the aisle, unfortunately, your leadership has been hesitant to share with you how my proposed funding framework will actually help meet your priorities. For example, your number one priority is to reduce hunger. I agree that is incredibly important. And the proposal, which I freely admit is a budget gimmick—I don't understand how CBO gets \$30 billion out of this—but it allows us to provide SNAP to populations—we could actually expand SNAP to populations that for decades have had limited or no access to SNAP. So we actually can increase access to people that have not been eligible for it. And, quite frankly, we maintain it once again, the cost-of-living adjustments, which means we are not cutting benefits. There is no intent to cut benefits. I think that is exactly what reducing hunger means, that expansion, and to do that and to be able to have that kind of a pay-for.

And also what seems to not be translating is that if we put this in place, the next Administration—and there will be at some point a future Administration that may be more inclined. I hope not because I am a big supporter, as you know, of the Nutrition Title—that may be inclined to decimate individual SNAP benefits. Our

proposal for funding would prevent that from occurring because it would be prescriptive, staying within the lines.

Now, we have almost unanimous support for the doubling of MAP and FMD, market access for our constituents directed by Congress instead of at the whims of any Administration. All Members appreciate the depth and breadth of conservation programs, and we will reinvest the IRA to continue the great work of our original conservationist, the farmer. But we want to do that for more than a 10 year window. Research and scholarships are given—scholars will be made available to ensure our institutions have the tools to thrive.

So the list goes on and on. I would like to insert into the record a list of Democratic priorities I have here somewhere—here it is—sent to me by the New Dem Coalition. It is just one example of the litany of requests that we are trying to accommodate. This is a list of 125 bills or priorities, and it does carry a significant price tag, billions of dollars. And it will require the ability to move mandatory dollars into our current baseline.<sup>6</sup>

So which is it? For all my colleagues, do you want your priorities funded or not? We need to be at the table not just on building great policy, which I think we have done over the past number of years. We have to be at the table figuring out how we fund those because without the funding, they are not going to be a reality.

The funding framework I proposed is very thoughtful, balanced, and will not disrupt existing programs or benefits. I would argue in the long run they are actually going to be beneficial for expanding the benefits that we see under these programs. And the leadership, each and every person in your leadership, says that these will not work—well, your leadership says that these will not work, so, quite frankly, send me your realistic pay-fors because blaming the Speaker does not offer a real solution for our farmers, small or large, or rural America.

And with that, under the Rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional materials and supplemental written responses from the witness to any question posed by a Member.

This hearing of the Committee on Agriculture is adjourned.

[Whereupon, at 3:01 p.m., the Committee was adjourned.]

[Material submitted for inclusion in the record follows:]

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<sup>6</sup> **Editor's note:** the fact sheet referred to is located on p. 105.



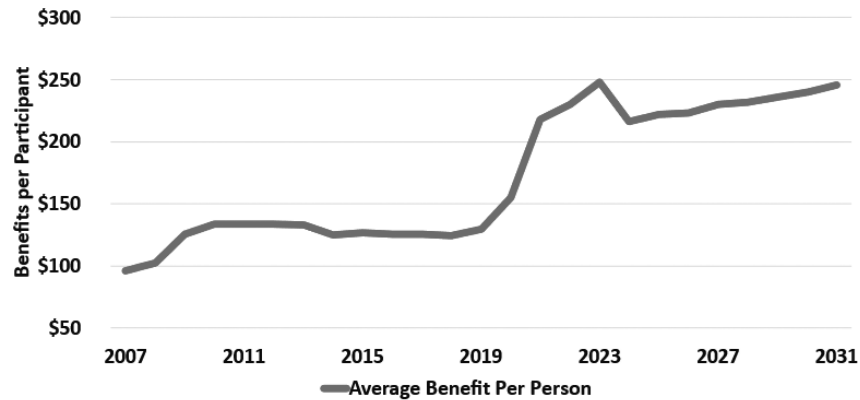
SUBMITTED CHART BY HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

**Myth:** Republicans are cutting SNAP.

**Fact:** In 2021, the Biden Administration completed an unchecked update to the Thrifty Food Plan—which added \$256 billion to the farm bill baseline—now presents an opportunity for Congress to revisit its initial intent as seen in the 2018 Farm Bill, and garner savings on the official scorecard. To be clear, the Republican proposal does not cut, decrease, or impact SNAP benefits.

**Background:** Section 4002 of the 2018 Farm Bill directed USDA to update the Thrifty Food Plan—the market basket utilized to calculate SNAP benefits—every 5 years. Although CBO projected that provision to be cost neutral-based on more than 4 decades of precedent—the Biden Administration manipulated the methodology and avoided commonsense procedures, adding ¼ of \$1 trillion to the SNAP baseline. Putting modest guardrails on future updates of the TFP, while leaving the annual cost-of-living adjustment in place, not only creates savings on the CBO scorecard, but prevents any future Administration from utilizing the TFP process to decimate benefits.

**Does this look like a cut?**



CBO Details About Baseline Projections for Selected Programs. Supplemental Nutrition Assistance Program May 2023, March 2020 Outlooks.

SUBMITTED FACT SHEET BY HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA



**Farm Bill Endorsements**

The House Agriculture Committee has a long tradition of bipartisan cooperation, which is the key ingredient to passing a farm bill into law. We are pleased that the Committee is working to advance the goal of a farm bill that supports agricultural producers, invests in rural communities, supports American nutritional needs, and boosts American agricultural competitiveness. The New Democrat Coalition’s *Farm Bill Task Force*<sup>1</sup> will continue to collaborate with the Agriculture Committee, House Leadership, and other stakeholders to produce a strong and bipartisan package that meets the needs of American agricultural producers and consumers. Building off of

<sup>1</sup><https://newdemocratcoalition.house.gov/policy/task-forces/farm-bill>.

our five core *policy priorities*<sup>2</sup> for a farm bill, the New Dems will work to ensure that a final farm bill includes the following endorsed legislation led or co-led by New Dem Members:

1. Invest in rural communities and rural broadband.
  - *H.R. 4351*,<sup>3</sup> Rep. Stacey Plaskett (VI-AL)—*Broadband Internet for Small Ports Act*. This bipartisan bill would prioritize broadband grant and loan applications from small ports in rural areas to be equal to those that are developed with the participation of a nonprofit or philanthropic organization.
  - *H.R. 5203*,<sup>4</sup> Rep. Jennifer Wexton (VA-10)—*AGRITOURISM Act*. This bipartisan bill establishes an office within the Department of Agriculture to promote agritourism activities and businesses.
  - *H.R. 1450*,<sup>5</sup> Rep. Derek Kilmer (WA-06)—*Treating Tribes and Counties as Good Neighbors Act*. This bipartisan bill revises the Good Neighbor Authority program to modify the treatment of revenue from timber sale contracts under good neighbor agreements to require Indian Tribes and counties to retain revenue generated from timber sales under a good neighbor agreement; and allows states, counties, and Indian Tribes to use such revenue for authorized restoration projects on non-Federal lands under a good neighbor agreement.
  - *H.R. 2386*,<sup>6</sup> Rep. Derek Kilmer (WA-06), Rep. Annie Kuster (NH-02)—*Community Wood Facilities Assistance Act of 2023*. This bipartisan bill would strengthen and modernize the Community Wood Energy and Wood Innovation Grant Program and the Wood Innovations Grant Program.
  - *H.R. 3238*,<sup>7</sup> Rep. Suzan DelBene (WA-01), Don Beyer (VA-08), Jimmy Panetta (CA-19)—*Affordable Housing Credit Improvement Act*. This bipartisan bill would amend Title 12 to increase LIHTC resources to address the urgent need for additional affordable housing supply and economic development in rural areas.
  - *H.R. 2787*,<sup>8</sup> Rep. Terri Sewell (AL-07)—*Rural Decentralized Water Systems Reauthorization Act*. This bipartisan bill expands and strengthens the existing USDA Rural Decentralized Water Systems Program to support low- and moderate-income households' installation or upgrade of water well and wastewater systems.
  - *H.R. 3809*,<sup>9</sup> Rep. Don Davis (NC-01), Rep. Angie Craig (MN-02), Rep. Abigail Spanberger (VA-07)—*Cybersecurity for Rural Water Systems Act*. This bipartisan bill would expand the successful rural water circuit rider program to include cybersecurity technical assistance and authorize funding to hire a cybersecurity circuit rider for all 50 states.
  - *H.R. 5113*,<sup>10</sup> Rep. Derek Kilmer (WA-06)—*REACH Our Tribes Act*. This bipartisan bill implements GAO recommendations that USDA consult with Tribes on budgets and the farm bill, share data on funds provided to Tribes, and streamline economic development applications.
  - *H.R. 4713*,<sup>11</sup> Rep. Derek Kilmer (WA-06)—*Rural Hospital Technical Assistance Program Act*. This bipartisan bill codifies a rural hospital technical assistance program under Rural Development.
2. Address the modern nutritional needs of Americans and provide innovations for program efficiency.
  - *H.R. 5048*<sup>12</sup> (117th Congress, Reintroduction Expected), Rep. Annie Kuster (NH-02), Rep. Jimmy Panetta (CA-19)—*SNAP Act of 2021*. This bill allows for verbal signature for SNAP forms via telephone.

<sup>2</sup> <https://newdemocratcoalition.house.gov/media-center/press-releases/new-dems-endorse-five-core-policy-principles-for-the-farm-bill>.

<sup>3</sup> <https://www.congress.gov/bills/118/congress/house-bill/4351>

<sup>4</sup> <https://www.congress.gov/bills/118/congress/house-bill/5203>.

<sup>5</sup> <https://www.congress.gov/bills/118/congress/house-bill/1450>.

<sup>6</sup> <https://www.congress.gov/bills/118/congress/house-bill/2386/all-info>.

<sup>7</sup> <https://www.congress.gov/bills/118/congress/house-bill/3238/cosponsors>.

<sup>8</sup> <https://www.congress.gov/bills/118/congress/house-bill/2787>.

<sup>9</sup> <https://www.congress.gov/bills/118/congress/house-bill/3809>.

<sup>10</sup> <https://www.congress.gov/bills/118/congress/house-bill/5113>.

<sup>11</sup> <https://www.congress.gov/bills/118/congress/house-bill/4713>.

<sup>12</sup> <https://www.congress.gov/bills/117/congress/house-bill/5048>.

- *H.R. 652*,<sup>13</sup> Rep. Julia Brownley (CA–26), Rep. Annie Kuster (NH–02)—*Zero Food Waste Act*. This bill directs the Environmental Protection Agency to establish a grant program to study and reduce food waste.
  - *H.R. 4185*,<sup>14</sup> Rep. Kim Schrier (WA–08)—*The Expanding Access to (EAT) Healthy Foods from Local Farmers Act*. This bill will improve TEFAP by providing emergency feeding organizations with better access to fresh, healthy food. It will also create a permanent home for much of the work USDA is currently piloting through the Local Food Purchase Assistance Cooperative Agreement Program.
  - *H.R. 1230*,<sup>15</sup> Rep. André Carson (IN–07)—*Food Deserts Act*. This bill would create USDA-funded, state-operated revolving funds that will issue low-interest loans for the operation of grocery stores in food deserts. The bill ensures that recipients of these loans, including nonprofit, for-profit and municipal entities, can provide affordable, healthy food, including fresh produce and staples like milk, bread, and meat.
  - *H.R. 3183*,<sup>16</sup> Rep. Josh Harder (CA–10), Rep. Jimmy Panetta (CA–19), Rep. Jim Costa (CA–21), Rep. Kim Schrier (WA–08)—*EATS Act of 2023*. This bill permanently expands SNAP eligibility to college students.
  - *H.R. 706*,<sup>17</sup> Rep. Shontel Brown (OH–11)—*SNAP Access for Medically Vulnerable Children Act of 2023*. This bill would improve the Excess Medical Expense Deduction to include children that suffer from one or more chronic conditions. Under this bill, SNAP households could deduct allowable expenses over \$35 incurred by a sick child and, as a result, may qualify for a higher SNAP benefit.
  - *H.R. 4103*,<sup>18</sup> Rep. Shontel Brown (OH–11)—*EBT Act*. This bill would make permanent a temporary protection from new transaction fees first established in the 2018 Farm Bill.
  - *H.R. 1763*,<sup>19</sup> Rep. Jimmy Panetta (CA–19)—*Military Family Nutrition Act of 2023*. This bipartisan bill would remove the military’s basic allowance for housing from income calculations used to determine SNAP eligibility.
3. Provide farmers, ranchers, and other landowners who feed and fuel our nation with certainty from diversified income streams and greater supports to beginner, young, and socially disadvantaged producers.
- *H.R. 6003*<sup>20</sup> (117th Congress, Reintroduction Expected), Rep. Annie Kuster (NH–02)—*Veteran and Beginning Farmers Assistance Act*. This bipartisan bill extends through FY 2028 and makes other changes to a technology transfer program for assisting agricultural producers in rural areas. Among the changes, the bill (1) incorporates a specific focus on beginning, socially disadvantaged, and veteran farmers and ranchers; and (2) expands the scope of the assistance to include improving farm viability, strengthening supply chains, and increasing resilience to extreme weather through conservation practices.
  - *H.R. 4127*,<sup>21</sup> Rep. Jimmy Panetta (CA–19), Rep. Jim Costa (CA–21)—*Fair Access to Agriculture Disaster Programs Act*. This bipartisan bill changes the adjusted gross income for USDA disaster programs, including exempting the \$900,000 AGI limitation for the Emergency Assistance for Livestock and Farm-Raised Fish Program (ELAP), Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP), Tree Assistance Program (TAP), and the Noninsured Crop Disaster Assistance Program (NAP) for producers that get 75% of their income from farming or related farming practices.
  - *H.R. 4059*,<sup>22</sup> Rep. Elissa Slotkin (MI–07), Rep. Jimmy Panetta (CA–19)—*To include phosphate and potash on the final list of critical minerals of the Department of the Interior*. This bipartisan bill will require DOI to add Potash

<sup>13</sup> <https://www.congress.gov/bill/118th-congress/house-bill/652>.

<sup>14</sup> <https://www.congress.gov/bill/118th-congress/house-bill/4185>.

<sup>15</sup> <https://www.congress.gov/bill/118th-congress/house-bill/1230>.

<sup>16</sup> <https://www.congress.gov/bill/118th-congress/house-bill/3183>.

<sup>17</sup> <https://www.congress.gov/bill/118th-congress/house-bill/706>.

<sup>18</sup> <https://www.congress.gov/bill/118th-congress/house-bill/4103>.

<sup>19</sup> <https://www.congress.gov/bill/118th-congress/house-bill/1763>.

<sup>20</sup> <https://www.congress.gov/bill/117th-congress/house-bill/6003>.

<sup>21</sup> <https://www.congress.gov/bill/118th-congress/house-bill/4127/text>.

<sup>22</sup> <https://www.congress.gov/bill/118th-congress/house-bill/4059/text>.

- and Phosphate to the 2022 Critical Minerals list and ask for permitting reform recommendations to increase domestic production of the two minerals.
- *H.R. 1697*,<sup>23</sup> Rep. Don Davis (NC-01)—*Promoting Precision Agriculture Act of 2023*. This bipartisan bill would establish a partnership between the Federal Government and the private-sector to create voluntary interconnectivity standards and prioritize the cybersecurity needs for precision agriculture technologies.
  - *H.R. 4173*,<sup>24</sup> Rep. Salud Carbajal (CA-24), Rep. Abigail Spanberger (VA-07), Rep. Jim Costa (CA-21)—*Advancing Automation Research and Development in Agriculture Act*. This bipartisan bill would provide \$20 million in annual mandatory spending to establish a new, standalone program that prioritizes mechanization and automation for specialty crops. Such retraining could particularly emphasize retraining production-oriented employees to operate and maintain newly created machinery and systems to ensure the workforce of tomorrow will be ready to operate the farms of tomorrow.
  - *H.R. 3815*,<sup>25</sup> Rep. Chrissy Houlahan (PA-06)—*Protecting Mushroom Farmers Act*. This bipartisan bill would require the U.S. Department of Agriculture (USDA) to conduct a study on the benefits of providing crop insurance for mushroom farmers. This study would analyze various threats to production, such as inclement weather and pests uniquely harmful to mushrooms, and their impact on farmers' ability to grow mushrooms and maintain profitability.
  - *H.R. 3755*,<sup>26</sup> Rep. Chrissy Houlahan (PA-06)—*The Industrial Hemp Act of 2023*. This bipartisan bill would create a separate classification for industrial hemp and establish a framework that punishes bad actors.
  - *H.R. 3904*,<sup>27</sup> Rep. Angie Craig (MN-02)—*Crop Insurance for Future Farmers Act*. This bipartisan bill supports young and beginning farmers by expanding the definition of a beginning farmer by 5 years. The current Farm Service Agency definition gives "Beginning Farmer" status to someone with 5 crop years or less and allows them to qualify for a 10% subsidy. This legislation expands that definition to the first 10 years and provides a 15% subsidy for the first 5 years, with the remaining 5 years going back down to a 10% subsidy. This additional subsidy will help lower barriers to farming and make it more affordable for newcomers.
  - *H.R. 5381*,<sup>28</sup> Rep. Kim Schrier (WA-08)—*RNGR Support Act of 2023*. This bipartisan bill would codify and authorize the RNGR program with its own budget line item and funding and allow RNGR to serve as a convener of nursery, tree improvement, and tree planting interests nationwide.
  - *No Bill Number*, Rep. Gabe Vasquez (NM-02). Intends to file the *Ranching Without Red Tape Act* to cut down on permitting requirements for ranchers, and to introduce categorical exclusions for ranchers to make minor range improvements like fencelines, wells, and stock tanks without having to renegotiate their permits.
4. Ensure farmers and ranchers have access to world class research and the resources necessary for successful trade promotion and marketing in order to expand international markets.
- *H.R. 648*,<sup>29</sup> Jimmy Panetta (CA-19), Kim Schrier (WA-08), Jim Costa (CA-21)—*Agriculture Export Promotion Act of 2023*. This bipartisan bill increases funding for export promotion programs.
  - *H.R. 679*,<sup>30</sup> Rep. Kim Schrier (WA-08), Rick Larsen (WA-02)—*To amend the Agricultural Research, Extension, and Education Reform Act of 1998 to authorize the Secretary of Agriculture to waive the matching funds requirement under the specialty crop research initiative, and for other purposes*. This bipartisan bill would allow the Secretary of Agriculture to waive the Specialty Crops Research Initiative matching funds requirement.

<sup>23</sup> <https://www.congress.gov/bill/118th-congress/house-bill/1697>.

<sup>24</sup> <https://www.congress.gov/bill/118th-congress/house-bill/4173>.

<sup>25</sup> <https://www.congress.gov/bill/118th-congress/house-bill/3815>.

<sup>26</sup> <https://www.congress.gov/bill/118th-congress/house-bill/3755>.

<sup>27</sup> <https://www.congress.gov/bill/118th-congress/house-bill/3904>.

<sup>28</sup> <https://www.congress.gov/bill/118th-congress/house-bill/5381>.

<sup>29</sup> <https://www.congress.gov/bill/118th-congress/house-bill/648>.

<sup>30</sup> <https://www.congress.gov/bill/118th-congress/house-bill/679>.



- *H.R. 4135*,<sup>31</sup> Rep. Kim Schrier (WA-08), Rep. Deborah Ross (NC-02)—*AG RESEARCH Act*. The AG RESEARCH Act provides \$1 billion in mandatory funding over 5 years (\$200 million annually) plus an additional \$1 billion authorization of appropriations over 5 years for the Research Facilities Act. The RFA funding will support competitive grants to land-grant universities and non-land-grant colleges of agriculture for facility construction, alteration, acquisition, modernization, renovation, or remodeling.
- 5. Recognize the Important Role the agriculture and forestry sector continues to have on our local environment and the opportunity the farm bill provides to build upon historic investments in carbon sequestration and sustainable land management, expand jobs in communities, and most importantly, enhance and protect our food supply chain from the field to America's dinner table.
  - *H.R. 3424*,<sup>32</sup> Rep. Annie Kuster (NH-02)—*Forest Conservation Easement Program Act of 2023*. This bipartisan bill would provide mandatory funding to purchase development rights via conservation easements from private and Tribal landowners. This program would replace and expand the Healthy Forest Reserve Program and offer flexibility in two easement options.
  - *H.R. 5051*,<sup>33</sup> Rep. Abigail Spanberger (VA-07)—*Rural Energy for America (REAP) Modernization Act of 2023*. This bipartisan bill would modify and provide additional funding for the REAP program, and focus it on greenhouse gas emission reduction.
  - *H.R. 2791*<sup>34</sup> (117th Congress, Reintroduction Expected), Rep. Stacey Plaskett (VI-AL), Rep. Darren Soto (FL-09)—*Renewable Energy for Puerto Rico and the U.S. Virgin Islands Act*. This bipartisan bill creates a grant program at the U.S. Department of Agriculture (USDA) for renewable energy development in Puerto Rico and the U.S. Virgin Islands.
  - *H.R. 3478*,<sup>35</sup> Rep. Sean Casten (IL-06), Rep. Elissa Slotkin (MI-07)—*Conservation Opportunity and Voluntary Environment Resilience (COVER) Program Act*. This bipartisan bill creates a Good Steward Cover Crop Program to subsidize farmers who use cover crops.
  - *H.R. 2429*,<sup>36</sup> Rep. Susie Lee (NV-03)—*Open Access Evapotranspiration Data Act*. This bipartisan bill directs the U.S. Geological Survey (USGS) to establish an Open Access Evapotranspiration (OpenET) Data Program under which the USGS shall provide for delivering satellite-based evapotranspiration data to advance the quantification of evaporation and consumptive water use. The bill defines Evapotranspiration as the process by which water is transferred from the land to the atmosphere by evaporation from soil and other surfaces and transpiration from plants.
  - *H.R. 4018*,<sup>37</sup> Rep. Jim Costa (CA-21)—*Headwaters Protection Act*. This bipartisan bill would make improvements to the Watershed Protection Program and reauthorize the program.
  - *H.R. 3867*,<sup>38</sup> Rep. Joe Morelle (NY-25), Rep. Chrissy Houlahan (PA-06)—*Spotted Lanternfly Research and Development Act*. This bipartisan bill would designate the Spotted Lanternfly (SLF) as a high priority research and extension initiative under the National Institute of Food and Agriculture (NIFA). High priority designation would authorize the Secretary of Agriculture to make competitive grants available to colleges and universities for research projects related to the mitigation of the SLF.
  - *H.R. 1645*,<sup>39</sup> Rep. Kim Schrier (WA-08)—*Biochar Research Network Act of 2023*. This bipartisan bill establishes a National Biochar Research Network to test the impact of biochar across various soil types, application methods, and climates to learn more about its capacity to benefit farmers and the environment.

<sup>31</sup> <https://www.congress.gov/bills/118/congress/house-bills/4135>.

<sup>32</sup> <https://www.congress.gov/bills/118/congress/house-bills/3424>.

<sup>33</sup> <https://www.congress.gov/bills/118/congress/house-bills/5051>.

<sup>34</sup> <https://www.congress.gov/bills/117/congress/house-bills/2791>.

<sup>35</sup> <https://www.congress.gov/bills/118/congress/house-bills/3478>.

<sup>36</sup> <https://www.congress.gov/bills/118/congress/house-bills/2429>.

<sup>37</sup> <https://www.congress.gov/bills/118/congress/house-bills/4018>.

<sup>38</sup> <https://www.congress.gov/bills/118/congress/house-bills/3867>.

<sup>39</sup> <https://www.congress.gov/bills/118/congress/house-bills/1645>.

- *H.R. 3990*,<sup>40</sup> Rep. Kim Schrier (WA-08)—*Forest Data Modernization Act*. This bipartisan bill would modernize data collection efforts of the USFS Forest Inventory and Analysis (FIA) program to meet the needs of forestry stakeholders to access standardized, high-quality data to support sustainable forest management decisions.
- *H.R. 4017*,<sup>41</sup> Rep. Jim Costa (CA-21)—*Conservation Improvement Act of 2023*. This bill amends the Conservation Reserve Program to increase participation and provide producers with additional conservation tools.
- *H.R. 5044*,<sup>42</sup> Rep. Andrea Salinas (OR-06)—*Timber Innovation for Building Rural Communities Act*. This bipartisan bill requires the USDA to establish a platform for measuring, monitoring, verifying and reporting data about the carbon impacts from forest management and wood products, and establishes pilot programs for demonstrations.
- *H.R. 5043*,<sup>43</sup> Rep. Andrea Salinas (OR-06), Rep. Sean Casten (IL-06)—*Healthy Soils Healthy Climate Act of 2023*. This bill provides funding to expand the On-Farm Trials for soil health through EQIP’s Conservation Innovation Grants.
- *H.R. 4327*,<sup>44</sup> Rep. Jim Costa (CA-21)—*Converting our Waste Sustainably (COWS) Act*. This bipartisan bill would create a standalone program for alternative manure management conservation practices for dairy producers, and support additional practices to help reduce methane efforts.
- *H.R. 3442*<sup>45</sup> (117th Congress, Reintroduction expected), Rep. Kim Schrier (WA-08)—*National Prescribed Fire Act of 2021*. This bipartisan bill would invest in hazardous fuels management by increasing the pace and scale of prescribed burns, create a technically skilled preseason controlled burn workforce, and streamline smoke regulations in winter months to reduce catastrophic fires and smoke in the summer.

New Dems also believe that the Agriculture Committee should reject efforts to undermine key nutrition programs like the Supplemental Nutrition Assistance Program (SNAP), The Emergency Food Assistance Program (TEFAP), the Commodity Supplemental Food Program (CSFP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). In particular, efforts that would make sweeping changes to program eligibility or benefits would be counterproductive to the goal of a bipartisan farm bill that can pass into law. It is imperative that Americans not lose access to critical supports that keep them and their families fed, healthy, and contributing to society.

Finally, we ask the Committee to oppose efforts to cut funding, or otherwise undermine, critical Title II programs and technical assistance within the U.S. Department of Agriculture (USDA). We ask you to recognize the high demand for these programs among producers—and the critical work our farmers, ranchers, and landowners are doing to positively contribute to their local environment and community health—by rejecting efforts to undermine these investments.

SUBMITTED REPORT BY HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS  
FROM PENNSYLVANIA

### ***California’s Proposition 12 and its Impacts on the Pork Industry***<sup>1</sup>

Revised October 5, 2023

BARRY K. GOODWIN, PH.D.

#### **Executive Summary**

This report provides a high-level overview of issues surrounding California’s Proposition 12. A challenge to the proposition reached the U.S. Supreme Court, where the Court issued a decision on May 12, 2023, that upheld the California law. As of Jan. 1, 2024, all breeding swine farms will need formal Proposition 12 certification for wholesale buyers and distributors to sell pork into the California market. Pork

<sup>40</sup> <https://www.congress.gov/bill/118th-congress/house-bill/3990>.

<sup>41</sup> <https://www.congress.gov/bill/118th-congress/house-bill/4017>.

<sup>42</sup> <https://www.congress.gov/bill/118th-congress/house-bill/5044>.

<sup>43</sup> <https://www.congress.gov/bill/118th-congress/house-bill/5043>.

<sup>44</sup> <https://www.congress.gov/bill/118th-congress/house-bill/4327/all-actions>.

<sup>45</sup> <https://www.congress.gov/bill/117th-congress/house-bill/3442>.

<sup>1</sup> Research report furnished to the National Pork Producers Council. The views and opinions expressed here are solely those of the author and do not represent views or opinions of any other organization, regardless of affiliation.

products already in storage can be distributed until December 31, 2023, although any pork produced after July 1, 2023 must be compliant. Among other things, the proposition imposes new space requirements for breeding sows. All covered pork products sold in California, with few exceptions, must be sourced from the offspring of sows that have been provided at least 24 square feet of usable floor space for each sow, regardless of where the hogs are produced. Because California produces only a small amount of the pork sold there, the proposition will impose space requirements on hog producers across the nation. The costs of these restrictions are widespread and extensive. Farmers face the costs of renovation or the construction of new facilities. These costs are made more significant by recent extreme increases in building costs. Farmers will also face losses in productivity as they move to new production and management systems. This lost productivity will be especially acute in the short run, as the new systems are mastered. The new production systems will lead to increased stress on breeding sows, which in turn will lead to lower fertility and embryo survival rates. The industry must maintain identity preservation and market segmentations. This will involve considerable changes in the logistics of pork product distribution. For many reasons, these costs will have a more severe impact on smaller, independent operations. These operations tend to be less efficient and have lower profit margins. Smaller operations also have less access to the credit needed to finance renovations and new construction. Thus, one important outcome of Proposition 12 will be an increase in the exit of smaller hog operations. The pork industry will become more concentrated with fewer but bigger farm operations. The stresses placed upon the entire production and marketing chain will also favor larger processors, thereby leading to ever-increasing consolidation and concentration of the industry. To the extent that certain segments of the consuming market are willing to pay a premium for pork raised in accordance with Proposition 12, producers choosing to adopt the required production measures may realize new market opportunities through premiums for compliant production. However, the free market will address these issues without the mandates and costs imposed by Proposition 12, and thus an optimal solution would have been to allow the marketplace to allocate products that are differentiated by production practices.

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### California's Proposition 12 and its Impacts on the Pork Industry

Proposition 12, the "Prevention of Cruelty to Farm Animals" Act, was approved by California voters in 2018 and its provisions for hogs will become effective on January 1, 2024. Implementation and enforcement of the law was complicated by delays in the release of final regulations describing details of the regulations and a "prohibitory writ of mandate" that temporarily stayed public and private enforcement of the Act. On May 11, 2024, the U.S. Supreme Court issued a *writ of certiorari* to the U.S. Court of Appeals for the Ninth Circuit in which they supported the defendants and upheld the proposition.<sup>2</sup> The case, brought by the National Pork Producers Council NPPC) and the American Farm Bureau Federation (AFBF), argued that Proposition 12 violated the "Dormant Commerce" clause of the Constitution that prohibits legislation that discriminates or excessively burdens interstate commerce.

<sup>2</sup>*National Pork Producers Council et al. v. Ross et al.*, Case No. 20–55631 (9th Circuit Court of Appeals, 2021). The petitioners argued that the proposition had the "practical effect of controlling commerce outside the State," even when those laws do not purposely discriminate against out-of-state interests.

The Act proposes to “prevent animal cruelty by phasing out extreme methods of farm animal confinement, which also threaten the health and safety of California consumers and increase the risk of food-borne illness and associated negative fiscal impacts on the State of California.” The new regulations mandate that all pork sold in California, with limited exceptions, must be sourced from the offspring of sows that have been provided at least 24 square feet of usable floor space for each smv. Enclosures must be sufficiently large enough to allow sows to turn around without touching the sides of the enclosure. The regulations apply to any breeding pigs over 6 months of age and to all whole pork meat marketed in the state, regardless of where it was produced. The regulations exclude comminuted products containing more than just pork and pork used in processed food products.

The next steps for industry and for legislative actions involving animal welfare are unclear. Many legislative options are focused on preventing a 50 state patchwork of conflicting state welfare laws. As I discuss in this paper, the proposition will certainly bring about significant changes to the structure of the pork industry. The proposition will likely lead to renovation of existing hog farm facilities and new construction of facilities that are compliant with the proposition. The pork industry will need to segregate pork products on the basis of compliance with the proposition. This segregation will lead to increased marketing costs and will complicate the logistics of pork marketing practices.

A limited number of exemptions apply to Proposition 12. The restrictions do not apply for animals involved in transportation, research, during individual treatments, and at slaughter. The space requirements are also waived for 5 days prior to the expected farrowing date, while sows are nursing, and temporarily during breeding activities. It is also waived for hogs being treated by a licensed veterinarian. These exemptions are limited to a maximum of 6 hours per day, not to exceed 24 total hours over a 30 day period.

The limited nature of these exemptions has important implications for breeding, farrowing, and nursing efficiency. These restrictions will likely decrease the effectiveness of insemination services and will likely diminish the overall health of recently farrowed piglets. In a presumed effort to improve the welfare of sows, animals will be intermingled to a much greater degree than is currently the practice. As is true of most livestock animals, efforts to establish social dominance when put into groups will lead to increased morbidity and mortality, something even the state of California admits. Producers that have adopted production practices consistent with the proposition have already realized lower conception rates, lower farrowing rates, and increased non-productive sow days. These effects have been demonstrated in the research findings of animal scientists as well as in the experiences of those farms with Proposition 12 compliant facilities.<sup>3</sup> As is often the case with such mandates, efforts to promote the health and welfare of gestating sows appear to have the opposite effect.

At present, California has a population of 39.2 million people, or about 12% of the U.S. population. In December of 2021, California had a hog inventory of about 85,000 head. In comparison, the U.S. had a hog inventory of 74.9 million head, implying that California only has about 0.11% of the nation’s total hog and pig inventory.<sup>4</sup> *Figure 1* illustrates the numbers of hog producing operations across the U.S. The relative lack of hog production in California is notable. California represents a growing market, with its population expanding by 5.1% between 2010 and 2021.

The consumption of pork products is not homogeneous across different ethnic groups. *Figure 2* illustrates total expenditures on pork products by different demographic groups in the U.S. Consumption is especially high for Hispanic and Asian ethnic groups. California’s population is diverse and ever evolving, with Hispanics or Latinos accounting for 40.2% of the population and Asians accounting for 15.3% of the population.<sup>5</sup> These factors reinforce the importance of California as a destination market for pork products produced across the U.S. Nearly all pork consumed in California is produced outside of the state.

As of February 2021, it was estimated that only about 4% of existing U.S. hog farm facilities conformed to the Proposition 12 space requirements, although the proposition has spurred the building and renovation of compliant facilities.<sup>6</sup> The industry standard sow housing stalls currently average 14–20 square feet. Proposition

<sup>3</sup>See, for example, L.J. Johnston and Y.Z. Lee, 2013, “Performance and Well-Being of Sows Housed in Pens Retrofitted from Gestation Stalls,” *Journal of Animal Science*, 91: 5937–5945.

<sup>4</sup>Statistics taken from the USDA’s National Agricultural Statistics Service quick stats database.

<sup>5</sup>Population statistics taken from the U.S. Department of Commerce’s Census Bureau.

<sup>6</sup>See McCracken, C. “US Pork Supply Chain Locked in Limbo as Producers Await Legal Ruling,” Rabobank Research, February 2021.

12 will bring about significant disruptions and adjustments in the U.S. pork industry and will require extensive renovation or new construction to provide facilities that conform to the proposition's requirements.

Proposition 12 also has important implications for international commerce. The U.S. Meat Export Federation (USMEF) has noted that Proposition 12 presents significant logistical challenges for pork exporters using California's port infrastructure and cold storage facilities. The USMEF noted that in 2020, 2.977 million metric tons of pork, valued at \$7.72 billion, and representing 29% of total U.S. pork production was exported, with almost 50% of exports transiting through California ports.<sup>7</sup> The Canadian Pork Board filed an *amicus curiae* brief with the U.S. Supreme Court on October 21, 2021, arguing that Proposition 12 has disruptive effects on international commerce and violates the U.S.-Mexico-Canada Free Trade Agreement (USMCA) as well as provisions of the WTO.<sup>8</sup>

In addition to the Supreme Court case, the North American Meat Institute (NAMI) filed a petition challenging the constitutionality of the proposition.<sup>9</sup> These challenges were in part also based upon presumed violations of the Commerce Clause of the U.S. Constitution, where it was argued that California's regulations have a negative impact on the interstate commerce of other states. The regulations will also create obstructions to competition from pork producers outside of California. The petition was supported by 20 states, who filed *amicus curiae* briefs in support of the litigation. On February 26, 2021, NAMI unsuccessfully filed a petition with the U.S. Supreme Court to overturn Proposition 12.

California's Proposition 2, which expanded space requirements for egg-laying hens, withstood similar legal challenges. As Proposition 2 demonstrated, these propositions most certainly have impacts on interstate trade and the methods of production in other states. The prominence of cage-free egg production rose substantially across the U.S. as egg producers undertook structural changes to accommodate the space requirements.

The objective of this article is to review the impacts and to estimate the costs associated with implementation of Proposition 12. Many of these costs, such as the costs associated with renovation of existing facilities and construction of new facilities, are apparent. However, other costs that will affect the pork industry are less obvious. For example, I note the potential impacts that the new space requirements will have on the efficiency of breeding and the physical well-being of sows. Many of these costs have been considered in existing evaluations of Proposition 12.

However, other subtle cost changes have received less attention in the existing studies of Proposition 12. To the extent that the Proposition creates a bifurcation of the market with pork products segmented into those that are compliant and those that are not, the entire marketing chain from processors to retailers will be tasked with preserving the identity of pork products and effectively segmenting the market to identify those products that are compliant from those that are not.<sup>10</sup> Past efforts at preserving the identity of differentiated basic commodities such as corn and rice have proven to be both expensive and difficult to maintain. These costs have both short-term and long-term implications. A likely outcome in the long run will be widespread adoption of production practices that conform to Proposition 12. Because such changes necessarily apply to long-lived assets in the form of production facilities, full adjustment of the industry to Proposition 12 is likely to take several years.

### The Costs of Proposition 12

Proposition 12 will bring about fundamental changes in the structure of the U.S. pork industry. Consumers in some states, with California being a leading example, are becoming increasingly sensitive to animal welfare issues. This has been shown to be especially true among younger consumers, who typically express greater concerns for animal welfare and environmental externalities.<sup>11</sup> However, consumers

<sup>7</sup> See the July 9, 2021 letter from Dan Halstrom to Elizabeth Cox, available online at <https://www.usmef.org/downloads/USMEF-Prop-12-Comments-7-12-21.pdf>.

<sup>8</sup> See [https://www.supremecourt.gov/DocketPDF/21/21-468/198155/20211029124644558\\_21-468SacCanadianPorkCouncil.pdf](https://www.supremecourt.gov/DocketPDF/21/21-468/198155/20211029124644558_21-468SacCanadianPorkCouncil.pdf). The brief notes that, in 2020, Canada exported more than 300,000 metric tons of pork to the U.S.

<sup>9</sup> See *North American Meat Institute v. Becerra*, Case No. 2:19-CV-08569-CAS (FFMx), United States District Court, C.D. California, October 4, 2019. The appeal was denied on November 22, 2019.

<sup>10</sup> As one anonymous industry representative noted, this will require doubling the number of stock-keeping units (SKUs) that the industry will have to manage throughout the marketing chain.

<sup>11</sup> For example, researchers in Norway found that young consumers tended to be significantly more concerned with sustainability and animal welfare (*Norwegianscitechnews.com*, 11–2022).

may not fully comprehend the nature and finer points of livestock production systems or the likely impacts of legislated actions meant to improve animal welfare.<sup>12</sup> As existing facilities are replaced as a normal course of business, it is likely that new designs that conform to the types of animal welfare considerations reflected in Proposition 12 will be implemented, even if such facilities are significantly more expensive.

A major source of the costs of adjustment to such regulatory changes relates to the uncertainty that these changes introduce to the industry. California's animal welfare regulations have been upheld, but the legislative actions of other states as well as those of the U.S. Congress remain unclear. Uncertainty, by its very nature, introduces tangible costs to any business operation. Alongside efforts to have the restrictions overturned were several attempts to delay implementation of the space requirements. The conditions imposed by Proposition 12 will be fully enforced beginning in January of 2024, though any pork produced after July 1 must meet the conditions of the proposition. Many farmers and much of the industry were hesitant to commit to such fundamental changes if the likelihood and timing of the space requirements were unclear. However, this uncertainty has been resolved and many producers are already renovating existing facilities and constructing new hog barns in order to conform to the proposition. The implications for market demand and supply in the future are largely unknown. This uncertainty includes consumer preferences for Proposition 12 compliant pork products. The additional willingness to pay for compliant products is unknown and the overall impact on pork supply likewise remains unclear.

#### Renovation and New Construction Costs

Renovation and new construction represent major irreversible commitments requiring very significant investments. These costs are exacerbated by the very active and volatile nature of construction industries in the U.S. Building material costs increased significantly as the U.S. economy emerged from pandemic quarantines. A February 22, 2022, *Fortune* article noted that lumber prices experienced a 227% increase between August 2021 and February 2022, though prices have returned to long-run normal levels since.<sup>13</sup> Building materials have realized considerably volatility in recent years. Crude oil, which is an important ingredient in many construction materials, has risen by over 250% since mid-2020. *Figure 3* contains an illustration of real prices of important building materials.<sup>14</sup> The extreme volatility of prices for building materials is apparent. Huge swings in lumber prices were experienced, suggesting the possibility of the bubble noted by the *Fortune* author. Asphalt prices, which are important in the construction of roofing materials and paved surfaces, reflect the tremendous increases in oil prices. Nearly all the relevant building materials are at exaggerated levels relative to normal long-run price levels. Lumber is an important exception although just a year ago lumber prices were several times higher than current levels.

Renovation and new construction typically require long-term credit. Interest rates have risen significantly in recent months, adding to the costs of renovation or new construction in order to comply with Proposition 12. In August of 2023, the USDA Farm Service Agency interest rate for direct farm operating loans was 4.875%.<sup>15</sup> In May of 2021, this rate was 1.75%. The average bank prime loan rate rose from 3.25% in March 2022 to its current (August 2023) level of 8.25%. For a \$15 million loan financed for 10 years, this 5% change adds \$4.48 million to total payments. *Figure 4* illustrates the average 15 year fixed mortgage rate for U.S. banks. Current levels surpass anything realized in recent history.

An important but less obvious cost associated with renovating or constructing hog facilities arises from the irreversible nature of construction. That is, in addition to the obvious cost of materials, any new construction imposes a loss of option value for the investor. If the restrictions associated with Proposition 12 are changed at some future date, it is possible that facilities that were made to be compatible with

<sup>12</sup> Proposition 12 also imposes space requirements for veal calves (43 square feet) and egg-laying hens (1 square foot). The support of consumers for any specific restriction, such as that applying solely to hogs, is unclear and it is possible that consumer concerns about specific production practices may be dominated by only certain types of animals, such as veal calves and hens.

<sup>13</sup> L. Lambert. "We're In Another Lumber Bubble," *Fortune*, February 22, 2022, available online at <https://fortune.com/2022/02/22/new-lumber-bubble-price-spike-british-columbia-board-foot/> (accessed May 15, 2022).

<sup>14</sup> Building materials prices were taken from the Bureau of Labor Statistics' producer price indexes. The indexes were deflated using the consumer price index from the same source and are normalized to a value of 1.0 in January of 2004.

<sup>15</sup> It should be noted that these USDA guaranteed loans have a limit of \$400,000, which is a small proportion of the total costs of constructing a new hog barn.

Proposition 12 may not satisfy the new requirements.<sup>16</sup> Further to this same point, because the imposition of restrictions always has negative impacts on efficiency, relaxing of the restrictions may leave producers that did invest in new facilities at a competitive disadvantage.<sup>17</sup>

I surveyed industry experts, academic research, and discussed costs with several producers that had already converted their facilities to be compliant with Proposition 12. It is important to recognize that the costs of new construction and conversion of existing facilities vary widely according to individual circumstances. Although the costs are largely consistent across the alternative sources discussed below, each case had its own unique conditions.

According to Hog Slat, Inc., as of August 2023, a newly constructed shallow pit design farm that is Proposition 12 compliant would cost \$2,100–\$2,800 per sow.<sup>18</sup> An equivalent deep pit design would cost approximately \$2,600–\$3,200 per sow. These cost figures do not include excavation, utilities, roads, or wells. The costs of renovating an existing farm to be compliant using only the existing barn space would be \$170–\$750. This does not include the loss in throughput that such a conversion would entail. Going from 18 ft<sup>2</sup> to 24 ft<sup>2</sup>, for example, necessarily results in a loss of throughput of about 25–30%.<sup>19</sup> If a farmer instead decides to add additional barn space to keep throughput constant, the costs will be about \$450–\$850 for a shallow pit design and \$650–\$1,050 for a deep pit design. There is significant variation in what is being done by individual growers. Likewise, the starting point in terms of equipment vintage and condition means that the costs of conversion will differ significantly across farms.<sup>20</sup>

Renovation may be more costly than new construction due to demolition, removal, and disposal costs and depending on the age and condition of the facilities. Other estimates put the cost of new gestation space at about \$2,150 per space for Proposition 12 compliant facilities as compared to \$1,500 for standard gestation stalls—a 43% difference in cost.<sup>21</sup> Construction of a new facility covering the farrow to wean period of production has been estimated to be about \$3,600 to \$4,000 per sow. About 75% of that cost is associated with the facility while 25% applies to land and infrastructure. Facilities that are compliant with Proposition 12 are estimated to cost about 22% more than conventional facilities. These costs vary substantially according to the size of the operation. The above estimates apply to an operation size of 5,200 sows. However, smaller operations will pay considerably more per animal. A farm of 1,000 animals will have costs that are about 15% higher per animal. These costs are about 10% higher for a farm of 2,600 sows. This suggests that construction of a new deep pit design facility that will allow 5,200 hogs to have the space requirements mandated by Proposition 12 will cost about \$16.6 million, not including land and infrastructure (Herring, 2023 and the author's calculations).

### Producer Experiences

To gain more specific information regarding compliant new construction and renovation, I spoke with four producers that had adopted Proposition 12 compliant production practices through construction of new facilities and/or renovation of existing facilities.<sup>22</sup> Specific names and details of those interviewed are withheld to maintain the anonymity of individuals.

#### *Producer A (Ohio)*

Producer A is in the process of breaking ground on a Proposition 12 compliant hog operation. This producer will operate two adjacent 2,500 hog farms, for a total

<sup>16</sup>For example, Rule 901:12–9–02 of the Ohio Administrative Code requires group housing for all pregnant sows by 2025 but allows for breeding sow placement in individual stalls until pregnancy is confirmed. Farmers have transitioned to the new standards in facility design, but their new facilities will not satisfy the requirements of Proposition 12.

<sup>17</sup>An important engineering result—the Le Chatelier Principle—holds that the imposition of restrictions on a profit-maximizing producer will always lead to lower profits (or at least no higher profits).

<sup>18</sup>Hog Slat, Inc. is a major producer and construction coordinator for hog barns and associated facilities. Costs were supplied by Mr. David Herring, who is Vice President and founder of the firm.

<sup>19</sup>Crate sizes vary across different facility arrangements, but a typical arrangement is 2 ft. by 7 ft. or 14 sq. ft. At a sow price of \$48/cwt. (October 2, 2023), a 5,000 sow operation would suffer \$324,000 in lost throughput per cycle.

<sup>20</sup>Mr. Herring noted that renovation and conversion could range in comparison terms from a “Geo to a Cadillac.”

<sup>21</sup>Cost estimates taken from Compeer Financial presentation, “Financial Cost of Proposition 12,” October 25, 2021, and from personal communication via email with David Herring, Vice President of Hog Slat Incorporated, on August 16, 2023.

<sup>22</sup>Discussions with producers took place in August 2023.

of 5,000 sows. The budgeted amount and expected cost for this new construction is \$10 million. This does not include any land or excavation costs. They initially considered renovation with space being added to maintain throughput. This would have cost \$3.3 million, or about \$665 per sow. An important consideration in any decision of whether to convert is the premiums that a processor might offer for pork that is certified to be “Proposition 12 Compliant.” The costs of conversion must be weighed against the premiums, if any, that compliant pork products will earn. This producer reported a wide range of premiums that largely varied with the length of the production contract.<sup>23</sup> Premiums for compliant hogs typically ranged from \$6–\$10 per head. This producer had heard of premiums as low as \$4 per head and as high as \$15 per head.

*Producer B (Iowa)*

This producer is tearing down an existing facility and building a new facility. A new gestation barn would cost about \$1,700 per sow for standard technologies and \$2,300 per sow for compliant facilities, though it was noted that a standard cost for new construction was \$4,000 per sow. Remodeling could have been accomplished for \$1,000 to \$1,200 per sow if no additional space were to be added. This also results in a 30% reduction in throughput, which must be added to the cost of conversion. If new space was added to maintain the same level of throughput, the cost would be about \$1,550 to \$1,700 per sow. If productive assets are liquidated to make room for new technologies, the opportunity cost of lost production must also be considered. Put differently, a grower that foregoes conversion does not bear the cost of conversion but also is able to continue to produce using current assets.

*Producer C (Indiana)*

This producer was an early adopter of Proposition 12 compliant technologies. They converted their facilities in January of 2022. Their farm houses 10,000 sows. Their facilities were converted to be compliant, and they did not have any new construction. They estimated the costs to be about \$3,000 per sow for new construction at the time that they undertook facility conversions. Their facilities already had loose sow housing systems, and in that case, the cost of conversion was only \$150 per sow, again demonstrating that the costs of converting existing facilities to be compliant with the proposition depends significantly on the starting point for any such conversions. They also noted the value of manure as fertilizer on their farm. Any temporary or permanent decrease in the size of the operation would cause a modest loss of revenue from the value of manure. At the margin, they realized about \$80,000 from manure sales each year on their 10,000 sow farm. This producer expressed strong concerns that the proposition should not be viewed as a change that results in an overall decrease in the health of sows. As I discuss in detail below, the group housing that Proposition 12 will bring about often raises concerns about morbidity, mortality, and decreased farrowing due to sow aggression in group pens. This grower was adamant that any direct link between sow health and the proposition should be interpreted with caution.

*Producer D (Pennsylvania)*

This producer manages a very large scale of production—about 40,000 sows—that has been converted to Proposition 12 compliant technologies. They offered very precise estimates of the costs of conversion of existing facilities, noting that the cost depends on the starting point prior to conversion. If converting at the pre-implant stage of production in crates that already meet the 24 sq. ft. requirement, the costs were \$81.19 per sow (on 24,126 sows where conversion cost \$1,958,890). For facilities at the pre-implant stage of production with existing stalls of 21 sq. ft., the cost of conversion was \$207.71 per sow (for 17,760 sows with a total cost of \$3,689,000). For forms at the pre-implant and post-implant stages of production; which accounted for 11,200 sows and with 20.5 sq. ft., the cost was \$2,500,000, or \$223.21 per sow. This farmer did not have to convert any fully crated farms but they were quoted \$1,000 per sow for such conversions. All such costs significantly depend upon the starting point and the amount of preparation work required. For new facilities, this producer estimated cost of \$3,500–\$4,000 per sow, depending upon excavation and permitting cost.

*Summary of Producer Opinions*

Several points emerge from the preceding discussions with growers that have already changed their operations to be compliant with Proposition 12 or that are in the process of making the conversion. The first is that there is a very wide range

<sup>23</sup> Nearly all hogs in the U.S. are produced and marketed under contracts with processors.



of costs associated with making production changes to make an operation's hog output compliant with the proposition. The costs of building a new gestation barn with technologies that are compliant generally ranged from \$3,600–\$4,000 per sow, although such costs do not include demolition, roads, wells, utilities, land, excavation, and permitting costs. These costs are likely to vary widely according to location and the existing facilities, if any. In addition, construction costs have risen significantly since these producers undertook construction and renovation. If we assume a conservative 12.5% increase in the costs of materials and labor for new construction, a facility that is fully Proposition 12 compliant would cost about \$4,500 per sow.<sup>24</sup>

Renovation of existing facilities is also costly and, in some cases, may cost more than building new facilities. Remodeling an existing farm to be compliant with the proposition generally costs a grower about \$1,000 per sow, though depending on existing facilities, the costs could be less than \$100 per sow. However, once again, the costs vary widely according to the existing facilities, especially the size of existing crates. If a farm is at the standard size of sow crates (14–21 sq. ft.) and if no new construction occurs, the farm will realize a reduction in throughput of about 30%. For example; a 2,500 hog farm of the typical size would have to reduce its throughput to about 1,665 because of the lost floor space.

To put these costs into context, consider construction of a 5,000 sow farm, which is a common size for a commercial hog farm. According to the preceding discussions; this would cost about \$18–\$20 million. At current interest rates (assume 6%) and if the farm's facilities have a lifetime of 10 years (and an accompanying loan with a 10 year term), the farm would have a loan payment of \$222,000 per month and would pay \$26.64 million over the life of the loan. In comparison, a conventional farm with non-compliant facilities would cost about \$3,000 per sow. Under the same loan terms, the farm would have a monthly payment of \$166,531 and the farmer would pay \$19.9 million over the life of the loan. The differences are substantial and illustrate the impact of high interest rates.

#### Costs and Farm Size

The differences in construction costs across different sized hog farms have important implications for how the industry will be impacted by Proposition 12. Smaller farms will be more constrained by access to capital and thinner margins. *Figures 5 through 7* illustrate some important differences in the financial situations of different sized hog farms.<sup>25</sup> The USDA segments farms according to annual sales. The diagrams illustrate financial conditions for the following categories of total annual farm sales—less than \$100,000, \$100,000–\$249,999, \$250,000–\$499,999, \$500,000–\$1 million, and over \$1 million. The farms considered are those for which their principal designation is as a hog farm, meaning that the largest share of farm's value of production is attributable to hogs.

The financial condition of a business operation is heavily influenced by the availability and cost of borrowed capital. *Figure 5* illustrates the leverage position (total debts over total assets) in the top panel and the rate of return to equity in the bottom panel. Each portion of the panels represents the development of financial indicators across different economic classes of farms and the green bar represents the average value over the 1995–2019 period. The first block applies to all farms and then moving left to right, across increasingly larger (by sales) classes of farms.

Hog operations tend to be much more highly leveraged than is the case for other types of farms. According to the Economic Research Service of the USDA, the debt to assets ratio for all U.S. farms averaged about 8.2% in 2020. In contrast, the 2020 debt to asset ratio for farms specializing in hog production is 22.5%. This demonstrates the fact that hog farms tend to be more dependent on borrowed capital than farms in general and that the leverage ratio tends to increase with farm size. This is not surprising in that the high debt to asset ratio reflects the fact that hog farm facilities require a substantial up-front capital investment and therefore hog farms require borrowed capital to a greater degree than farms in general.

The lower panel of *Figure 5* contains the rate of return to equity for hog farms of various economic classes. The return to equity on hog farms tends to be progressively lower for smaller farms, as reflected in the value of production. This suggests that smaller farms realize a lower return to investments and therefore will likely realize less favorable terms of credit. This has important implications for the ability of farms to undertake the significant capital investments that conformity to Proposition 12 would require.

<sup>24</sup>The final demand construction producer price index rose by about 15% between January 2022 and August 2023.

<sup>25</sup>Statistics taken from the ARMS Data Analysis Resource (<https://my.data.ers.usda.gov/arms/data-analysis>).

*Figure 6* presents net farm income and the farms' operating profit margin. Again, the financial standing of smaller farms tends to be much less favorable than is the case for larger farms. The drop is especially substantial when considering the smallest category of farms—those with annual sales of less than \$100,000. This smallest category of farms tends to have net incomes that are close to zero and operating profit margins that are significantly negative. Again, this suggests that the smallest hog farms will be the least able to undertake the changes that would make facilities conformable to Proposition 12.

Finally, we consider two measures of hog farm efficiency. The first is given by the ratio of net cash income to total cash expenses. The second focuses on feed efficiency and is given by the ratio of livestock sales to total feed expenditures. In both cases, the smallest category of farms tends to be significantly less efficient, both in terms of the total operation and in terms of feed efficiency. Overall farming efficiency tends to be moderately higher as farm size increases. In contrast, feed efficiency is similar across all economic classes of hog farms except for the smallest farms, which are substantially less efficient.

The review of hog farm financial conditions provides several important insights that are all consistent in the implication that smaller farms will be impacted much more significantly than larger hog farms. The statistics reveal that hog farms are much more highly leveraged than farms in general and therefore are more dependent on credit markets for their survival. Hog farms will be affected by recent interest rate increases much more than other types of farms. Adopting production processes and methods that are compatible with the requirements of Proposition 12 will require substantial access to borrowed capital. As noted above, the total investment involved in the construction or renovation of facilities that conform to the space requirements will be several million dollars, making access to credit a critical variable in the long-run survival of hog farms. Creditors will consider these financial ratios and variables when evaluating loans and these evaluations are likely to be especially negative for the smallest hog farms. These farms have the lowest relative incomes and profit margins. The statistics also demonstrate that the smallest farms tend to be significantly less efficient: both in terms of overall returns over expenses and in terms of the efficiency of hog feeding.

These economic facts have important implications for how California's Proposition 12 is likely to impact the U.S. hog sector. Concern over the economic viability of small and limited resource farms continues to be an important factor shaping U.S. agricultural policy. The sectoral changes that Proposition 12 is likely to trigger will be unfavorable for smaller hog farms, who will have less access to credit and who will be less able to undertake the investments necessary to bring facilities into compliance with the space requirements of the proposition. This will hasten the concentration of the hog farming industry, with smaller farms exiting the sector, leaving a U.S. hog industry that has fewer but larger farms. Those farms with thin margins, which tend to be the smallest operations, will be the first to exit the industry. Likewise, efficiency differences that favor larger operations will play a role in smaller farms being the first to exit the industry.

According to the 2017 *Agricultural Census*, there are 58,180 independent hog farmers. These independent farmers had 24.9 million hogs in inventory. Contractors and integrators and contract growers numbered 8,259 and had 47.5 million hogs in inventory. Independent growers with more than 2,000 hogs numbered 2,462 and had 22.2 million hogs in inventory. In contrast, of the farms operated by contractors or contractees, 5,862 farms had 2,000 or more hogs in inventory and accounted for 29 million hogs. These statistics demonstrate that hog farms with production contracts tend to be larger and account for a larger share of hog production (inventory) than independent growers. It is likely that the processors/integrators will be a driving force in encouraging facility changes that conform to the proposition. I have shown that larger farms tend to be more efficient and more profitable. Thus, an obvious inference to emerge from this consideration of the 2017 census statistics suggests that the proposition will likely push more farms to adopt production contracts. The proposition will therefore hasten the transition from independent to contract growers.

Finally, a subtle cost factor that favors larger growers pertains to delivery practices and the associated segregation of compliant and non-compliant hogs. Larger growers can deliver larger loads of hogs that are consistent in terms of their adherence to the requirements of Proposition 12. A processor is better able to keep hogs segregated according to their compliance when a large grower delivers a significant volume of hogs. It may be more difficult to maintain segregation when a processor is accepting numerous smaller loads of hogs from a collection of small growers. This may influence the premiums paid for hogs produced in compliance with the propo-

sition. Large growers may receive higher premiums because it is easier for processors to take delivery and maintain segregation.<sup>26</sup>

#### **Reductions in Available Space and Throughput**

An obvious cost that will be borne by hog producers pertains to the fact that an operation of a given size will suffer a reduction in output when facilities are renovated to make the necessary space available to sows. This space must be taken from existing uses. According to a recent report by Rabobank, if stocking density is reduced to meet the proposition's space requirements, production flows will drop by at least 25%.<sup>27</sup> This naturally implies a reduction in herd sizes and a flood of new construction to meet the requirements. According to the Rabobank report, to comply with Proposition 12, at least 15% of U.S. hog producers will need to convert to the new facility requirements.

These changes will bring about costs associated with lost stall space, which will reduce the overall output of facilities of a given size that choose to convert. Estimates made by an anonymous industry observer suggested that if there is no change in the size of a gestation barn, renovations to make the facility compliant with Proposition 12 will require a 25% reduction in the size of the sow herd, a 6% reduction in the farrowing rate, and a 0.67 pig reduction in pigs weaned per sow. These changes result in an additional cost of \$17.59 per pig because of reduced pig throughput. The extent to which the processors and integrators agree to offer premiums for hogs grown under the new requirements will be a major factor in determining the adoption of the new production techniques.

#### **Farm Productivity Declines**

Although the space requirements are intended to improve the welfare of pigs and hogs, there are many reasons to be concerned that changes in sow housing arrangements will bring about added stress to the animals. The existing science does not support the intentions of the regulations—hogs will be worse off under the new restrictions. Mixing animals together as would be common in many of the conversion scenarios, will induce stress as animals compete for dominance and feed. Animals are likely to fight, therefore causing increases in morbidity and mortality. This in turn will also negatively impact fertility and embryo survival rates. Competition for social dominance in the new production methods is expected to increase sow mortality by 3–5%. The requirements of the proposition have limited exemptions for sows undergoing breeding and this will necessarily increase the amount of time that sows are housed together.

Research indicates that conversion to Proposition 12 compliant production practices could bring about a drop in farrowing rates of 6–10%. Feed costs will rise due to a drop in the productivity of sows. These costs are estimated to be \$0.72 per sow per unproductive day, or an additional 5 pounds of feed per day for an additional 35 days. These changes imply an additional cost per pig of \$0.13–\$0.22. Changes in reproduction rates will decrease the number of pigs born per sow by 0.65 pigs, representing a cost of \$2.46–\$3.79 per pig.

Johnson and Li (2013) found that 97.6% of sows in stalls produced a litter but only 92.2% of sows in group pens farrowed a litter.<sup>28</sup> Similarly, 90.8% of sows in stalls completed the relevant study as compared to only 84.2% of sows in large pens. Sows were removed from the study due to poor milk production and poor reproductive performance. Sows were also removed due to morbidity and mortality losses, largely due to animal aggression. Large pens that did not permit animals space to retreat realized the largest effects of sow fighting.

Although experience with these new production methods is limited, one can be certain that conventional housing arrangements represent the economic optimum, at least at the time the facilities were constructed. Therefore, there are reasons to conclude that productivity will suffer because of the proposition.

Productivity will also suffer because new production and management systems take time to master. Hemsworth and Coleman (2011) found that the skill of stock people can affect the performance and health of sows.<sup>29</sup> David Herring of Hog Slat, the leading facility construction firm, estimated that production costs could increase

<sup>26</sup>This point was raised by one of the large growers that I interviewed for this study.

<sup>27</sup>See McCracken, C. "US Pork Supply Chain Locked in Limbo as Producers Await Legal Ruling," Rabobank Research, February 2021.

<sup>28</sup>L.J. Johnston and Y.Z. Lee, 2013, "Performance and Well-Being of Sows Housed in Pens Retrofitted from Gestation Stalls," *Journal of Animal Science*, 91: 5937–5945.

<sup>29</sup>P.H. Hemsworth and G.J. Coleman. 2011. "Stockperson Behavior and Animal Behaviors," *Human-Livestock Interactions: The Stockperson and the Productivity and Welfare of Intensively Farmed Animals*, 2nd Edition CABI, Wallingford, UK, pp. 103–119.

by 5–8% in the short run, until the new techniques are mastered by producers.<sup>30</sup> An anonymous producer that had adopted the new technology noted that the learning period was much more expensive than they had expected and that there is an inherent increase in the need to manage gestation animal care in going to a higher percentage of sows in pens *versus* individual stalls. Producers also noted that difficulties in mastering the new techniques were very dependent on the quality of the hired staff.

### Regulatory Overhead

The adoption and enforcement of new regulations always involves additional regulatory costs. These costs will be borne by both producers and consumers of pork. The enforcement process remains unclear in many respects but is likely to involve auditors working as third parties or on behalf of the California Department of Food and Agriculture (CDFA), the regulatory agency responsible for enforcing the restrictions of the proposition. The CDFA and California State Department of Public Health have been jointly tasked with promulgating the rules and regulations for the implementation of the proposition. California's Health and Safety Code (HSC) Section 25993.1 states that a business owner or operator must rely in good faith upon a written certification by their supplier that pork was not derived from an animal confined in a manner inconsistent with the proposition. The California code provides for a \$1,000 fine and 180 days of incarceration for a violation of the proposition.

The current draft rule of the CDFA describes a certification process that will be carried out by the CDFA or by a certifying agent, who must be accredited by the CDFA. The regulations also require that each producer and handler of pork hold a valid certification and that any pork handler selling meat in California must be registered. The proposition requires that all shipping invoices, bills of lading, and shipping manifests for all shipments of whole pork meat entering the state or transported within the state for commercial sale in California shall include the statement "California 24+ Compliant." These additional requirements, taken as a whole, suggest rather substantial increases in the cost of trading pork products.

One can imagine that the proposition will create a new industry of third-party agents providing certification. This industry will certainly involve costs that will be borne by California pork consumers and producers providing pork to the California market. This regulatory overhead is commonly referred to as "deadweight costs" by economists. That is, costs that do not reflect benefits. From a scientific perspective, the welfare of hogs will not be appreciably improved by the restrictions and may, in fact, be diminished. California consumers and pork buyers elsewhere may realize some benefit from the knowledge that the pork that they are enjoying was derived from pigs that had extra space. However, as previously noted, the restrictions also apply to egg-laying hens and veal calves and the precise motives underlying voters' intentions are unclear. Of course, third-party certification agents will benefit from the new demand for their services.

These costs will be shared by pork consumers, retailers, processors, and producers. It has been noted that a bifurcation of the market whereby pork commands a premium in California but is made cheaper outside of the state is likely to emerge in the short run. A considerable volume of pork that is currently shipped to California will instead be channeled to consumers in other states, thereby lowering the price outside of California. Likewise, considering the considerable volume of pork that is exported from the U.S., import markets may also realize lower prices.<sup>31</sup> High market segmentation costs (discussed next) will likely encourage widespread adoption of the standards as it may be cheaper overall to adopt the new standards for all pork than to maintain separate markets for certified and non-certified pork.

The difficulties imposed by Proposition 12 on the retailing industry are illuminated in a recent response from the McDonald's Board of Directors to a letter to shareholders from financier Carl Ichan. Mr. Ichan's letter asked the firm to commit to sourcing its pork from suppliers that abide by Proposition 12's standards regardless of the law's status. The response stated:

*"McDonald's only sources approximately 1% of U.S. pork . . . Mr. Ichan has asked for new commitments . . . requiring all of McDonald's U.S. pork suppliers to move to 'crate-free' pork and set specific timeframes for doing so. The definition of 'crate-free,' conjured up by the Humane Society of the United States (HSUS), is so obscure that it represents an extremely niche market comprising less than 0.1% of U.S. pork production. This presents a challenge of supply.*

<sup>30</sup> Personal communication via email, April 11, 2021.

<sup>31</sup> The USDA's Foreign Agricultural Service (FAS) estimates that 26% of the projected U.S. production of 12.8 million tons will be exported in 2021. See "Livestock and Poultry: World Markets and Trade," USDA-FAS, April 9, 2021.

*What Mr. Icahn is demanding from McDonald's and other companies is completely unfeasible. Based on current estimates, McDonald's would require at least 300–400 times the animals housed today in 'crate-free' systems to keep our supply chain running. It also presents a cost challenge. McDonald's today pays a premium to purchase group-housed pork in accordance with our 2012 commitment. Sourcing from this niche market . . . would significantly increase those costs, placing a burden on all aspects of our business, our supply chain and McDonald's customers, while lacking the broad support of industry experts . . . his campaign would have one certain outcome: a greater financial burden on customers.[<sup>32</sup>]*

### **Market Segmentation Costs**

A bifurcated marketplace necessarily means that different qualities of a commodity that may not be obvious to the consumer must be identified and preserved throughout the marketing chain. Pork produced from pigs raised on operations that satisfy the space requirements of Proposition 12 must be identified and kept separate throughout the entire marketing chain, from farm, to processor, wholesaler, and retailer. Any agent in the marketing chain must be able to identify and keep separate “certified” pork products, under penalty of law. A concerned consumer must have confidence that the pork that they are purchasing is sourced from operations that satisfy the space requirements. Outside of a package label, consumers have no way of discerning how the hogs that were processed into the pork products on grocery shelves was produced.

At the processor level, logistical difficulties are likely to arise as compliant and noncompliant hogs are taken to the plant for processing. The product must remain separated throughout all stages of processing and eventually through packaging, wholesaling, and retailing. It is likely that processors, especially large ones, may find it more efficient to accept only one type of hog compliant or non-compliant. This could close or complicate access to local markets for certain producers, increasing their own logistical costs. This could also force producers to adopt compliant production practices in order to have access to the relevant processors. These logistical complications may be especially acute for small producers, many of which lack the means to simply adopt new technologies. These complications could lead to a geographic bifurcation where local plants only accept hogs produced with compliant (or non-compliant) technologies. It is relevant to note that hogs, as a commodity, are costly to ship, making the location of plants an important factor in the economic well-being of local producers.

This type of identity preservation may be especially difficult and costly for operations that utilize bulk pork commodities. By their very definition, such bulk commodities are typically homogeneous in quality and may be highly processed prior to reaching the end consumer. Large-scale food service operations often purchase very large amounts of lower valued trim cuts, which may be commingled from a variety of sources. For such operations, it will be costly to identify and segment pork derived from hogs produced under the restrictions of Proposition 12.

The difficulties associated with maintaining identity preservation have been demonstrated in the cases of corn and rice. A form of genetically modified corn, known as Starlink, was not approved for human consumption, and therefore had to be kept, separate from other corn hybrids. A similar case arose for MIR-162, a genetically modified corn hybrid from Syngenta that was not approved for sale in China. It proved impossible to prevent these corn hybrids from being commingled in the overall corn supply. Significant economic losses were realized by the companies that manufactured the corn seed as well as throughout the marketing chain. Prices to farmers dropped when portions of the global market for commodity corn were closed due to commingling. Numerous product recalls occurred, and agents throughout the marketing chain realized significant economic losses due to the loss of important markets for corn and commodities that were made from corn.

Questions arise in such cases as to who carries the liability associated with violations of the regulations. It may be difficult to ascertain exactly who is responsible for the loss of identity preservation in cases of commingling or other inadvertent violations of the space requirements. The logistics associated with ensuring that all pork sold in California satisfies the proposition are complex. Such complexity adds to the basic costs of business for merchants selling pork in California and for processors and wholesalers supplying pork to California. It is difficult to assign value to this additional logistical burden, but the costs are most certainly substantial.

<sup>32</sup> <https://www.nationalhogfarmer.com/news/mcdonalds-responds-icahns-call-eliminating-gestation-crates>.

### Processor Premiums

To this point, I have focused attention on the costs of making the changes necessary to bring individual farms into compliance with the space requirements mandated for sows by California's Proposition 12. Because of the prominence of the California pork market and the fact that pork production in California is minuscule relative to its consumption, it is likely that many farms will have to undertake renovation of existing facilities or construction of facilities that are compliant with the proposition as existing facilities age out and are replaced by new construction. I have also noted the changes in market structure that will occur in response to the Supreme Court's upholding of Proposition 12. Pork products will need to be distinguished by whether (or not) they are compliant with the proposition. The market will be bifurcated according to production technologies. Growers will need additional compensation to encourage the long-term investments that the proposition demands.

Herein lies a potential opportunity for compliant growers, albeit one that the free-market is best suited to address. Food product labeling that provides details regarding production practices (*e.g.*, "cage-free," "free-range," "organic," *etc.*) may offer producers new opportunities to differentiate their product.<sup>33</sup> Some producers that have adopted production practices that are compliant with Proposition 12 report premiums of \$6–\$10 per head, though the industry is still negotiating premiums and industry-wide standards have yet to be established. One producer noted that premiums tended to vary with the length of the production contract, with longer contracts generating higher premiums. Tyson and Hormel, two major pork processors, have already announced that they will comply with Proposition 12.

However, mandating all producers to comply, and therefore forcing all consumers and industries in the entire marketing chain to comply, would unnecessarily impose costs across the entire economy. The freedom to choose product attributes is a hallmark of the free-market system and legislation that enforces the opinions and attitudes of special interests on everyone eliminates this choice and imposes costs on the entire market. As the quote from McDonalds notes, a certain outcome of Proposition 12 is a greater financial burden on customers.

### Concluding Remarks

Proposition 12 stipulates that pork sold in California must be sourced from sows that have at least 24 square feet of space in breeding and finishing facilities. While the restrictions were to be implemented on January 1, 2022, litigation temporarily delayed its enforcement. The Supreme Court upheld the proposition and the constraints become fully binding in 2024. As of Jan. 1, 2024, all breeding swine farms will need formal Proposition 12 certification for wholesale buyers and distributors to sell pork into the California market. Pork products already in storage can be distributed until December 31, 2023, although any pork produced after July 1 must be compliant. Producers already in compliance can self-certify until December 31, at which point they must be certified by an auditor approved by the California Department of Food and Agriculture. Market impacts will be gradual as pork already in the marketing chain will be gradually exhausted.

The proposition will be costly to the production and marketing chain for pork in the U.S. At present, only about 4% of facilities satisfy the space requirements, though many growers are undertaking the investments necessary to produce compliant pork products. The uncertainty surrounding the implementation and enforcement of the proposition led to a "wait and see" attitude by many in the pork producing sector, but this uncertainty has now been resolved. Although the details regarding implementation and enforcement have been resolved, uncertainty still exists as to whether additional states will adopt their own unique regulations and therefore whether producers will be forced to comply with a 50 state patchwork of laws.

Renovation and new construction costs run into several millions of dollars for the typical hog operation. Estimates of the cost of new construction vary considerably but mostly ranged from \$3,600–\$4,000 per sow in 2021. If we assume a 12.5% increase in the costs of materials and labor for new construction, a new facility that is fully Proposition 12 compliant would currently cost about \$4,500 per sow. Estimates of the cost to renovate existing facilities to be compliant with the proposition vary widely and depend largely on the starting point for the renovation. It may cost as little as \$100 per sow or as much as \$1,000 per sow. In some cases, depending on the vintage of existing facilities, it may be more costly to renovate than to build

<sup>33</sup>For example, Goodwin, Marra and Piggott (2016) found that food products labeled as being "GMO-Free" cost an average of 73% more than products lacking such a certification. See B.K. Goodwin, M.C. Marra, and N.H. Piggott, "The cost of a GMO-free market basket of food in the United States," *AgBioForum* 19, No. 1, 2016.

new barns. Recent increases in the costs of construction and credit have made renovation and new construction of compliant facilities even more costly.

The impact of Proposition 12 will not be homogeneous across all hog producers. In the short run, the market will be segmented and supplies of pork in California will be constrained. This will result from a shortage of compliant pork. At the same time, noncompliant pork that once was sold in California will be relegated to the rest of the U.S. market, depressing prices of pork everywhere except California, where pork prices will rise substantially. Given the delays in resolving legal challenges and in enforcing the regulations, these effects will be modest. New construction will likely consider the increased space requirement in new facility designs and in the long run much of the industry is likely to become compliant with these restrictions.

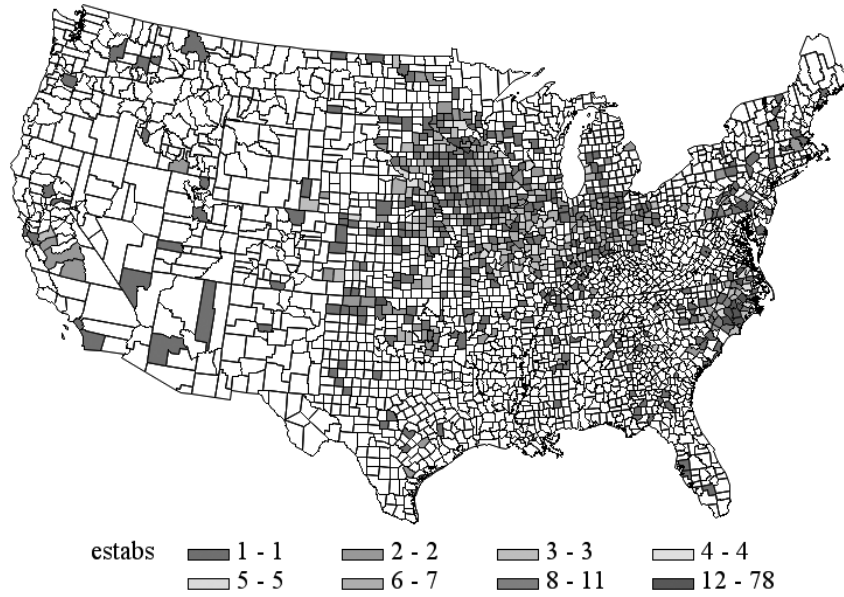
As I have noted, the extent to which consumers comprehend animal welfare issues and recognize the differences across different types of livestock and production systems is unclear. More specifically, consumers may not fully understand the nuances associated with different livestock animals and their space needs. As is often the case, regulatory initiatives that are promoted by special interests may not be consistent with sound scientific evidence and the extent to which voters are able to separate emotional rhetoric from sound scientific evidence is questionable.

The costs of the restrictions are widespread and extensive. Farmers face the costs of renovation or the construction of new facilities. These costs are currently exacerbated by significant increases in building costs and the cost of credit. Farmers will face losses in productivity as they move to new production and management systems. This lost productivity will be especially acute in the short run, as the new systems are mastered. The new production systems will lead to increased stress on breeding sows, which in turn will lead to lower fertility and embryo survival rates. The industry will be required to maintain identity preservation and market segmentations. This will involve considerable changes to the logistics of pork product distribution.

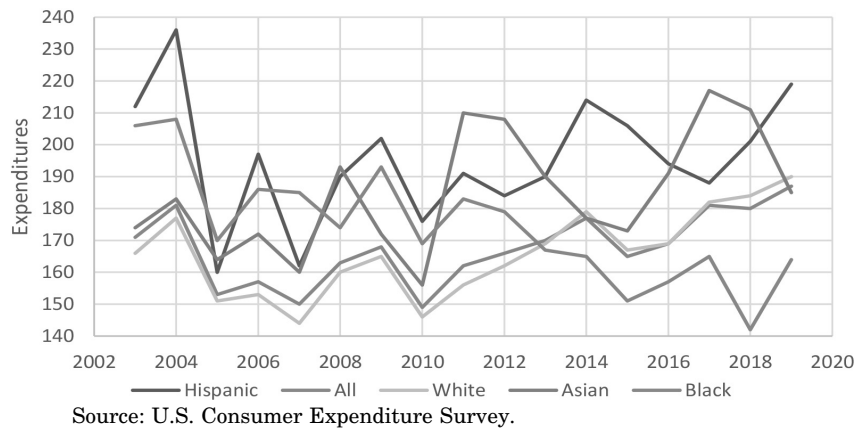
These costs will have a more severe impact on smaller, independent operations. As I have shown, these operations tend to be less efficient and have lower profit margins. Smaller operations also have less access to the credit needed to finance renovations and new construction. Thus, one important outcome of Proposition 12 will be an increase in the exit of smaller hog operations. The pork industry will become more concentrated with fewer but bigger farm operations. The stresses placed upon the entire production and marketing chain will also favor larger processors, thereby leading to ever-increasing consolidation and concentration of the industry.

This document provides a high-level summary of the expected impacts of California's Proposition 12. Much greater research is needed to address the impacts of the proposition on heterogeneous farm operations, packers, wholesalers, and retailers. More in-depth empirical research is needed to quantify the impacts of the regulations and the long-term adjustments that the industry will realize. The costs of the proposition will be significant and will impact the entire marketing chain.

**Figure 1. County-Level Counts of Hog Producing Establishments**  
*Hog Operations: 3rd Quarter of 2020*



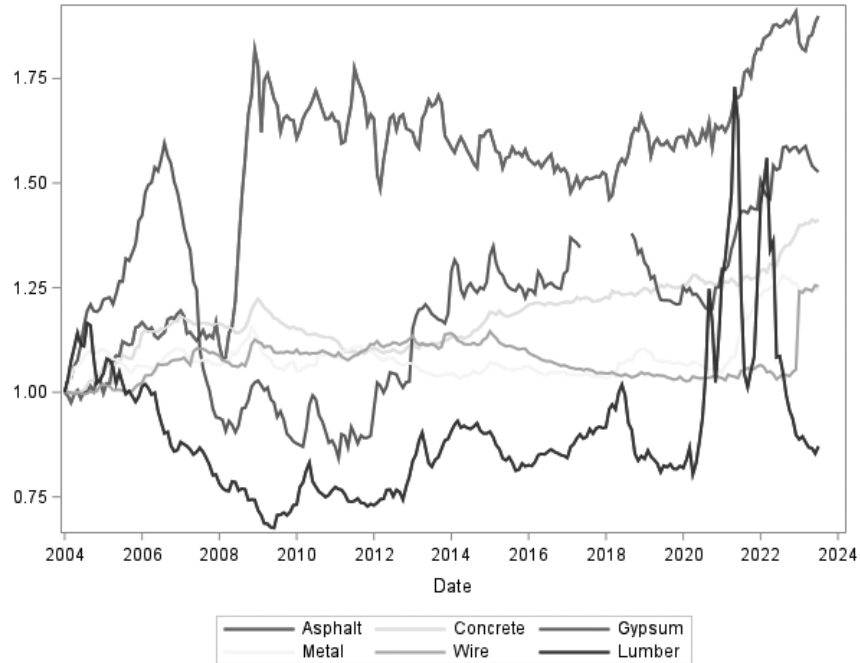
**Figure 2. Evolution of Pork Consumption by U.S. Ethnic Groups**





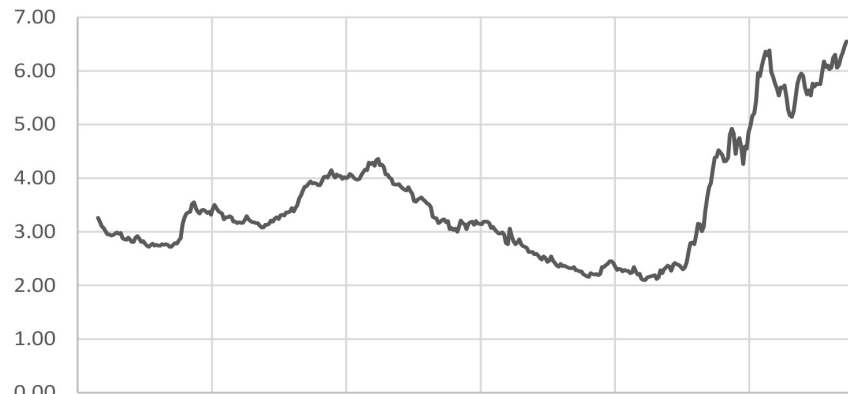
**Figure 3. Price Indexes of Important Construction Materials**

*Real Price (January 2004 = 1.0)*



Source: Bureau of Labor Statistics.

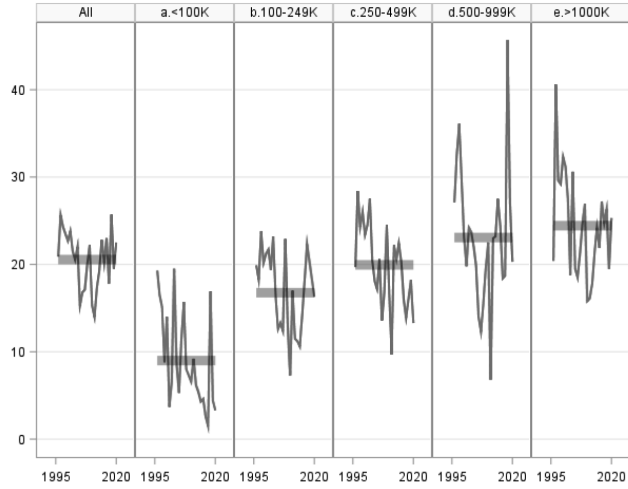
**Figure 4. 15-Year Fixed Mortgage Rates (Average of All U.S. Banks)**



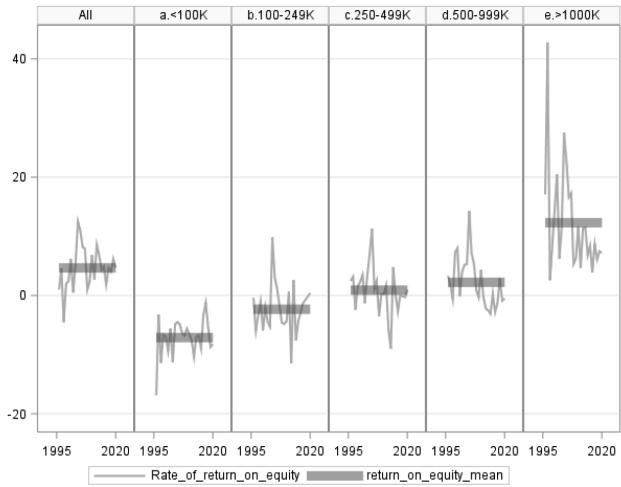
2015-10-23 2017-03-06 2018-07-19 2019-12-01 2021-04-14 2022-08-27  
 Source: Federal Reserve Economic Data (FRED) System, St. Louis Federal Reserve Bank.

**Figure 5. Financial Condition Differences by Hog Farm Size (Economic Class)**

*A. Debt to Asset Ratio*



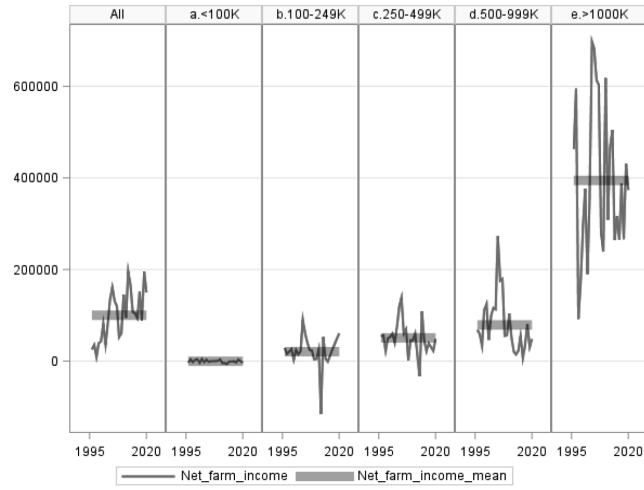
*B. Rate of Return to Equity*



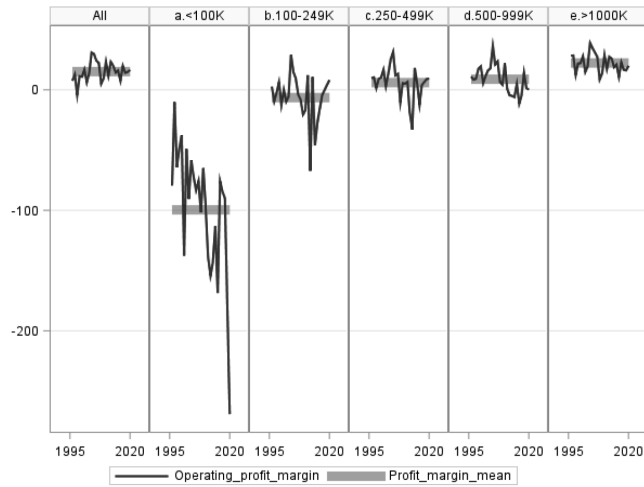
Source: Unpublished Summary Statistics from the ARMS Survey of USDA.

**Figure 6. Financial Condition Differences by Hog Farm Size (Economic Class)**

*A. Net Farm Income*



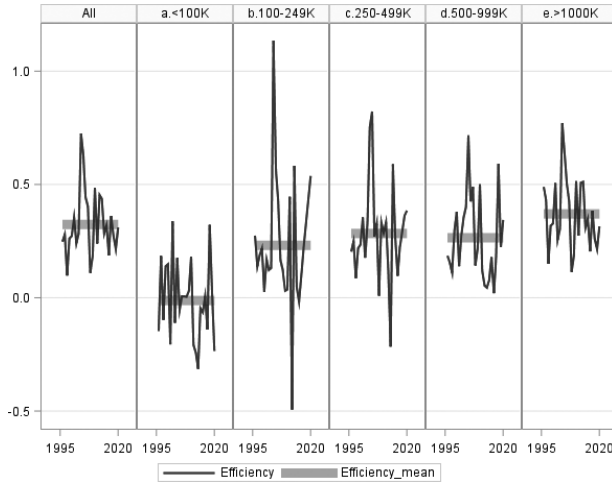
*B. Operating Profit Margin*



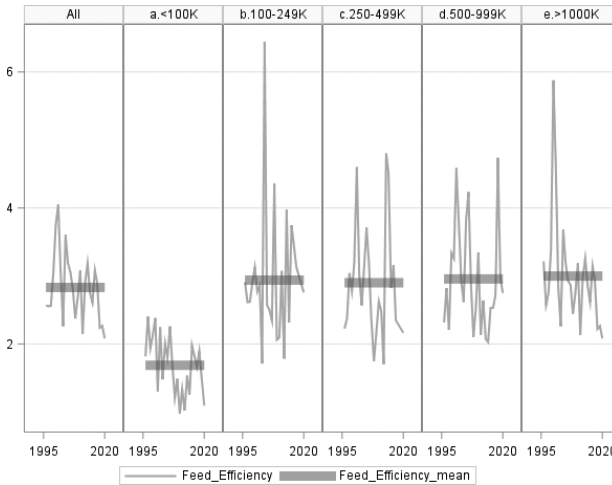
Source: Unpublished Summary Statistics from the ARMS Survey of USDA.

**Figure 7. Financial Condition Differences by Hog Farm Size (Economic Class)**

*A. Economic Efficiency*



*B. Feed Efficiency*



Source: Unpublished Summary Statistics from the ARMS Survey of USDA.

SUBMITTED ARTICLE BY HON. ERIC A. "RICK" CRAWFORD, A REPRESENTATIVE IN CONGRESS FROM ARKANSAS

**The New York Times**

[<https://www.nytimes.com/2024/02/01/us/politics/biden-food-prices.html>]

**Biden Takes Aim at Grocery Chains Over Food Prices**

President Biden has begun to accuse stores of overcharging shoppers, as food costs remain a burden for consumers and a political problem for the President.



The economics and politics of grocery prices continue to weigh on shoppers even as the rate of inflation is falling. Credit. Brittany Greeson for *The New York Times*.

By JIM TANKERSLEY,<sup>1</sup> an economics reporter in Washington who covers policy from the White House.

Feb. 1, 2024

President Biden, whose approval rating has suffered amid high inflation, is beginning to pressure large grocery chains to slash food prices for American consumers, accusing the stores of reaping excess profits and ripping off shoppers.

“There are still too many corporations in America ripping people off: price gouging, junk fees, greedflation, shrinkflation,” Mr. Biden said *last week in South Carolina*.<sup>2</sup> Aides say those comments are a preview of more pressure to come against grocery chains and other companies that are maintaining higher-than-usual profit margins after a period of rapid price growth.

Mr. Biden’s public offensive reflects the political reality that, while inflation is moderating, voters are angry about how much they are paying at the grocery store, and that is weighing on Mr. Biden’s approval rating ahead of the 2024 election.

*Economic research suggests*<sup>3</sup> the cost of eggs, milk and other staples—which consumers buy far more frequently than big-ticket items like furniture or electronics—play an outsized role in shaping Americans’ views of inflation. Those prices jumped more than 11 percent in 2022 and five percent last year, amid a post-pandemic inflation surge that was the nation’s fastest burst of price increases in 4 decades.

The rate of increase is slowing rapidly: In December, prices for food consumed at home were up by just over one percent, *according to the Labor Department*.<sup>4</sup> But Administration officials say Mr. Biden is keenly aware that prices remain too elevated for many families, even as key items, like gasoline and household furnishings, are now cheaper than they were at their post-pandemic peak.

And yet there is a general belief across Administration officials and their allies that there is little else Mr. Biden could do unilaterally to force grocery prices down quickly.

“It’s hard to figure out what the short-term policy response is in this situation,” said Bharat Ramamurti, a former economic aide to Mr. Biden and an author of a

<sup>1</sup> <https://www.nytimes.com/by/jim-tankersley>.

<sup>2</sup> <https://www.whitehouse.gov/briefing-room/speeches-remarks/2024/01/28/remarks-by-president-biden-at-a-political-event-at-south-carolinas-first-in-the-nation-dinner-columbia-sc/>.

<sup>3</sup> <https://www.nber.org/papers/w26237>.

<sup>4</sup> <https://fred.stlouisfed.org/series/CUSR0000SAF11>.

report on grocery-price inflation that the progressive Groundwork Collaborative in Washington published on Friday.

“When you have something that is driven in part by supply disruptions, what can you actually do to put downward pressure on prices?” he said.

The Federal Trade Commission is reviewing—and widely expected to block—a merger between two large grocery-store chains, Kroger and Albertsons. Opponents of the deal say it would reduce competition and allow the merged company to charge shoppers higher prices. But blocking that deal would do little to address the current price pop.

A Kroger executive on Thursday welcomed Mr. Biden’s increased focus on grocer profits, insisting that the merger would reduce costs for customers.

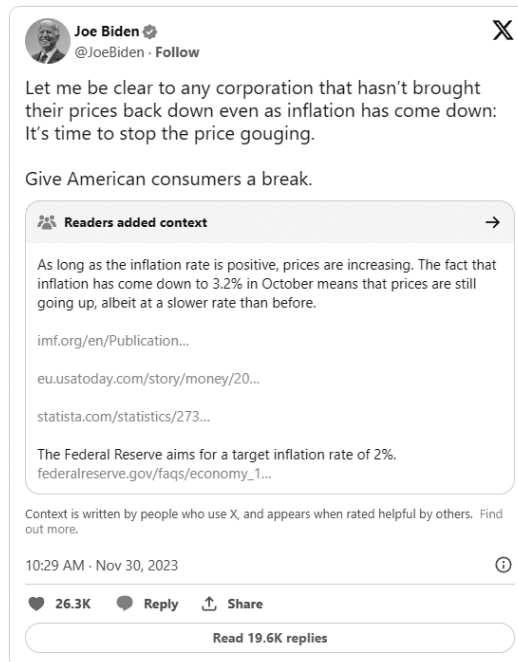
“We agree with President Biden: Too many grocers in America have increased margins in contrast to Kroger, who have reduced our margins consistently for nearly 20 years to save customers billions,” said Keith Dailey, Kroger’s group Vice President of Corporate Affairs and Chief Sustainability Officer. “Through our merger with Albertsons, Kroger will lower prices for even more of America’s consumers.”

A new analysis from the White House Council of Economic Advisers suggests that elevated profit margins among large grocery retailers could be contributing to the stubbornly high price of food on store shelves. The analysis, which relies on Quarterly Financial Reports data from the Census Bureau, found that food and beverage stores had increased their margins by about two percentage points since the eve of the pandemic, reaching their highest level in 2 decades.

Much of that increase came in 2021 and 2022, around the time that other retailers—like clothing and sporting goods stores—also saw profit margins jump. Grocery-store margins have stayed elevated, the analysis finds, even as other retailers’ margins have fallen back to more normal levels based on recent history.

“President Biden has made clear that as input prices fall, corporations should pass those savings on to consumers,” Michael Kikukawa, a White House spokesman, said this week.

Mr. Biden made a similar point last fall in a post on the social media platform X.

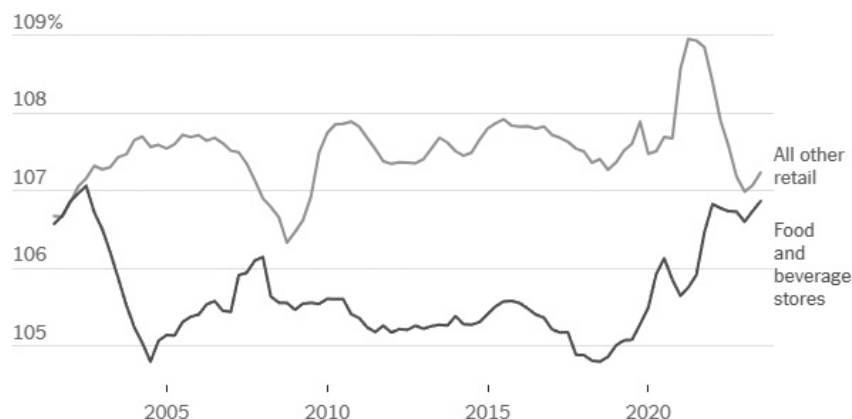


[[https://twitter.com/JoeBiden/status/1730247565537390998?ref\\_src](https://twitter.com/JoeBiden/status/1730247565537390998?ref_src)].

But the White House analysis also implies that increased grocery profit margins do not come close to accounting for the price spikes that grocery shoppers have experienced under Mr. Biden’s tenure.

### Grocery store margins are rising

Operating profit margin by type of retailer



Notes: Operating margin defined as sales, receipts and operating revenue as a share of operating expenses. Data shown as four-quarter rolling average.

Source: Council of Economic Advisers.

By *The New York Times*.

Other research suggests additional forces—like consumer demand and supply-chain disruptions—are a much bigger factor in the price increases. A bout of avian flu caused *egg prices to spike*<sup>5</sup> last year, for example. And food producers, like soft-drink manufacturers, have *continued to raise prices*<sup>6</sup> even as their costs have declined, leading to heady profit margins.

Researchers from the Federal Reserve Bank of Kansas City *found last year*<sup>7</sup> that strong job growth in the U.S. economy, and the wage gains associated with a tight labor market, were key contributors to grocery-price increases. Processed foods, like candy bars, account for  $\frac{3}{4}$  of recent grocery price increases, the researchers found.

The tight labor market, they said, had resulted in higher costs for producing and distributing those foods, “which have been passed on to consumers.”

Mr. Biden’s Administration has tried *several efforts to soothe grocery price pressures*,<sup>8</sup> particularly on the supply side. The Agriculture Department has spent hundreds of millions of dollars to help companies expand in the meatpacking industry, which is dominated by a handful of large players.

The department also changed its calculations of Federal food assistance benefits and adjusted them for inflation, effectively increasing the value of food stamps for many low-income Americans. Mr. Ramamurti and his co-authors, Elizabeth Pancotti and Clara Wilson, calculate those increases have more than outweighed the increased cost of groceries for 40 million families in recent years.

In an interview, Ms. Pancotti said the consumers feeling the most pain from high food prices were the ones who earned just enough money not to qualify for the food-stamp program, which is known as SNAP.

“You have this huge chunk of people in the middle who are low-income, but not impoverished enough to get SNAP benefits, and paying 25 percent more” for groceries, she said. “At the end of the day, it just doesn’t reach enough people.”

The commission is also *considering enforcement actions*<sup>9</sup> under a nearly 90-year-old law, the Robinson-Patman Act, which requires suppliers of retail goods to offer the same terms to every retailer they sell to. Supporters of those enforcement actions say they would drive down prices at smaller grocers, by ensuring they can buy items for the same cost as large retailers.

<sup>5</sup> <https://fred.stlouisfed.org/series/WPU017107>.

<sup>6</sup> <https://www.nytimes.com/2023/12/11/business/economy/profit-margins-inflation.html>.

<sup>7</sup> <https://www.kansascityfed.org/research/economic-bulletin/tight-labor-markets-have-been-a-key-contributor-to-high-food-inflation/>.

<sup>8</sup> <https://www.nytimes.com/2021/12/25/business/biden-inflation.html>.

<sup>9</sup> <https://www.nytimes.com/2023/05/29/opinion/inflation-groceries-pricing-walmart.html>.

Politically, though, big grocers make the most appealing target for Mr. Biden. Aides are discussing how he can ramp up pressure on large chains in the weeks and months to come.

“Americans, we’re tired of being played for suckers,” the President said in South Carolina. “And that’s why we’re going to keep these guys—keep on them and get the prices down.”

**Jim Tankersley**<sup>10</sup> writes about economic policy at the White House and how it affects the country and the world. He has covered the topic for more than a dozen years in Washington, with a focus on the middle class. *More about Jim Tankersley.*<sup>11</sup>

A version of this article appears in print on Feb. 3, 2024, Section B, Page 1 of the New York edition with the headline: *Biden Aims To Decrease Prices Paid For Groceries.*

SUBMITTED ARTICLE BY HON. SCOTT DESJARLAIS, A REPRESENTATIVE IN CONGRESS FROM TENNESSEE

## THE HILL

The views expressed by contributors are their own and not the view of *The Hill*

[<https://thehill.com/opinion/finance/4224015-fraud-is-gobbling-up-one-fifth-of-snap-benefits-congress-must-act-to-stop-it/>]

**Fraud is gobbling up one-fifth of SNAP benefits; Congress must act to stop it**

By ANDREW MCCLENAHAN and DAWN ROYAL, Opinion Contributors—09/28/23 9:30 a.m. ET



istock.

As the nation embarks on the essential task of crafting this year’s farm bill, a pressing matter demands our immediate attention: fortifying program integrity within the Supplemental Nutrition Assistance Program (SNAP).

The urgency to tackle fraud and abuse within this vital social safety net cannot be overstated. While SNAP remains a lifeline for millions of vulnerable Americans, its effectiveness and sustainability hinge on our ability to uphold a high standard of anti-fraud measures.

<sup>10</sup> <https://www.nytimes.com/by/jim-tankersley>.

<sup>11</sup> <https://www.nytimes.com/by/jim-tankersley>.



SNAP has long stood as a cornerstone of our nation's commitment to alleviating hunger and supporting low-income families. It extends crucial aid to over 40 million individuals monthly, providing them access to affordable and nutritious food. Nevertheless, recent reports and studies have raised valid concerns about the prevalence of fraudulent activities within the program. These activities not only undermine its intended purpose but also erode public trust in government welfare programs.

Efforts to combat fraud and abuse within SNAP should transcend party lines. They reflect a shared responsibility to ensure the efficient and effective use of taxpayer dollars. By allocating resources toward program integrity measures, we can guarantee that those genuinely in need receive assistance, while deterring those who seek to exploit the system for personal gain.

One of the most immediate challenges is the issue of EBT skimming, whereby criminals pilfer benefits from deserving SNAP recipients and convert them to cash or make bulk purchases at major retail outlets. Although card skimmers have long plagued ATM and credit card users, this issue has recently evolved into a nationwide epidemic directly targeting our most vulnerable citizens. While credit and debit cards now incorporate advanced chip technology to thwart criminals attempting to misuse "white plastic" materials, such as hotel keys, for fraudulent purposes, SNAP remains vulnerable.

The safeguarding of vulnerable citizens commences with rigorous identity verification. As attested by the United Council on Welfare before Congress, SNAP stands as the last major government assistance program lacking effective identity verification tools used globally. Outdated rules, regulations, and a lax approach to anti-fraud measures have led to international fraud organizations, terrorist groups, and foreign nation-states taking advantage.

Transnational criminals can reprogram credit card point-of-sale devices to mimic legitimate retailers. They employ massive bot attacks, similar to distributed denial of service attacks on websites, to conduct balance inquiries using scripted PIN numbers. The accounts with matching cards and PIN numbers are promptly drained.

Another pertinent and substantial concern revolves around the trafficking of SNAP benefits, whereby recipients themselves exchange their benefits for cash or non-food items. This not only diverts resources from their intended purpose, but also defeats the purpose of the program, jeopardizing the health and well-being of program beneficiaries.

The adage that "it takes two to tango" holds true here—trafficking cannot occur without willing recipients and retailers. According to USDA reports and activities, eliminating dishonest retailers from the pool of 250,000 stores nationwide would require nearly 3 decades. But the means and authority to begin vetting retailers is lacking and must be provided through legislation.

The 2018 Farm Bill made strides in addressing this issue, but more action is needed. More stringent penalties for traffickers and better data sharing among Federal and state agencies can establish a stronger deterrent against such fraudulent activities.

Technology plays a pivotal role in modernizing and enhancing program integrity efforts. Investment in advanced data analytics and digital verification systems can help detect anomalies and patterns indicative of fraud. Through technological leverage, we can streamline administrative burdens for both recipients and program administrators while significantly bolstering our ability to identify and prevent fraud, including identity fraud originating abroad.

This was the objective of the National Accuracy Clearinghouse, a proven project that had been set to roll out to all states by the end of 2021. Regrettably, the USDA chose an alternative pilot program that is set to conclude in 2027.

We possess the ability to utilize data to diminish application fraud, expedite benefits distribution to qualified individuals, and maintain SNAP's status as the most effective government assistance program. In the aftermath of the fraud that plagued pandemic relief programs, Congress bears the responsibility to safeguard this initiative. This entails enhancing information sharing and coordination to create a more comprehensive and accurate assessment of an individual's benefit eligibility, reducing the potential for fraudulent claims to slip through the cracks.

Recently, the USDA Food and Nutrition Service disclosed the payment error rate (PER) for all states. The PER forms a component of the accountability checks and balances to ensure that state and county SNAP agencies accurately determine eligibility and benefit amounts.

Regrettably, the national PER hit an all-time high this year at 11.54 percent, meaning that there is \$34 million in overpayments daily. Preventing this waste from funding our adversaries isn't a matter of partisanship—it's a duty we all share as Americans.

Lastly, states must receive the funds and means to detect, prevent, and prosecute fraud. This becomes challenging when the USDA allocates only 0.05 percent of its budget to program integrity.

As legislators deliberate the components of this year's farm bill, addressing program integrity within SNAP must retain a central position in discussions. This year's farm bill provides an opportune moment to reaffirm our commitment to combating fraud and abuse within SNAP, ensuring its continued service as a lifeline for those in need.

Let us seize this moment to enact substantive reforms that reinforce program integrity, underscoring our unwavering dedication to a fair and equitable society for all.

*Andrew McClenahan and Dawn Royal are board members of the United Council on Welfare Fraud, the national professional organization of Federal, state, and county welfare fraud directors, investigators, analysts, and recovery specialists.*

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SUBMITTED ARTICLE BY HON. DON BACON, A REPRESENTATIVE IN CONGRESS FROM NEBRASKA



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[<https://ndupress.ndu.edu/JFQ/Joint-Force-Quarterly-111/Article/Article/3569549/weaponizing-wheat-how-strategic-competition-with-russia-could-threaten-american/>]

*Joint Force Quarterly* 111, 4th Quarter, October 2023

***Weaponizing Wheat: How Strategic Competition With Russia Could Threaten American Food Security***

By KARL A. SCHEUERMAN, *Joint Force Quarterly* 111

Lieutenant Colonel Karl A. Scheuerman, USAF, wrote this essay while a student at the Dwight D. Eisenhower School for National Security and Resource Strategy. It won the 2023 Secretary of Defense National Security Essay Competition.



Mt. Hood and wheat fields near Dufur, Oregon, November 23, 2017 (Courtesy Jim Choate).

In the history of warfare, belligerents have often targeted food supplies to force opponents into submission. However, in America's wars over the last century, threats to domestic food security have been minimal. In many ways, the United

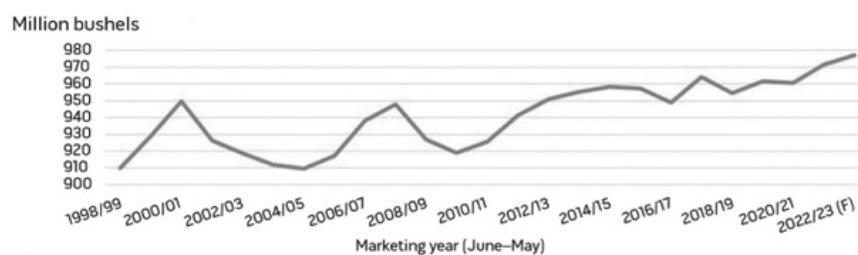
States enjoyed insulation from combat conditions overseas that could have otherwise disrupted the country's ability to feed itself. Complacency in relative isolation from disruptive food shocks is no longer a luxury the United States can afford. We are now in an era of increased globalization, where food supply chains span the oceans. In addition, America faces the renewed rise of strategic competition as China and Russia seek to replace U.S. power across the globe. Given these new realities, timely evaluation of potential vulnerabilities to American food production is necessary.

Among rising strategic competitors, Russia has explicitly demonstrated a clear willingness to target food systems. In its current war against Ukraine, the Russian military has relentlessly attacked wheat supplies and production. Yet despite the critical importance wheat plays as the foremost American dietary staple, its production is indeed vulnerable to disruption should Russia choose to act. While a full-scale conventional war with Russia is unlikely because of nuclear deterrence, the Kremlin has repeatedly demonstrated a willingness to disrupt foreign interests over the past several years, from election interference to trade wars. Targeting the U.S. wheat industry could become another preferred option for the Kremlin to wage adversarial competition at a level below the threshold of armed conflict. Given the emerging global security environment, the U.S. Government should reevaluate current policies to ensure the resilience of the wheat industry against this threat.

### Wheat Is King in America

Grain plays an enormous role in feeding the world. Approximately 47 percent of all human caloric intake today comes from grains, and the United States is a significant contributor to global grain supplies.<sup>1</sup> According to the United Nations (UN) Food and Agriculture Organization, the United States is the second largest grain producer in the world (behind only China), producing over 450 million metric tons, which represents 15 percent of the worldwide supply.<sup>2</sup> Of all grains the United States produces, Americans consume more wheat than any other, making it the country's most essential food staple.<sup>3</sup> U.S. farmers raise greater volumes of corn and soybeans, but most of those commodities are used for livestock feed and biofuels.<sup>4</sup> Due to wheat's central role in the American food system, consumer demand for products derived from wheat is "relatively stable and largely unaffected by changes in wheat prices or disposable income," according to the U.S. Department of Agriculture (USDA).<sup>5</sup> As shown in *figure 1*, demand for wheat in the United States continues to grow. Thus, wheat represents a worthwhile case study in evaluating U.S. resiliency to food disruption in the context of strategic competition, specifically with Russia.

**Figure 1. U.S. Wheat Food Use, 1989/99–2022/23**



(F) Denotes a forecast.

**Source:** USDA, National Agricultural Statistics Service: USDA World Agricultural Board.

Some may find it hard to envision a scenario where the United States would experience wheat shortages. However, recent examples of modern countries suffering significant wheat production losses exist. Russia, the world's largest wheat exporter,

<sup>1</sup>Krishna Bahadur K.C. *et al.*, "When Too Much Isn't Enough: Does Current Food Production Meet Global Nutritional Needs?" *PLoS ONE* 13, no. 10 (October 23, 2018), <https://doi.org/10.1371/journal.pone.0205683>.

<sup>2</sup>FAOSTAT: Crops and Livestock Products," Food and Agriculture Organization of the United Nations (FAO), March 24, 2023, <https://www.fao.org/faostat/en/#data/QCL>.

<sup>3</sup>"Wheat Sector at a Glance," U.S. Department of Agriculture (USDA), May 5, 2023, <https://www.ers.usda.gov/topics/crops/wheat/wheat-sector-at-a-glance/>.

<sup>4</sup>"Feedgrains Sector at a Glance," USDA, May 17, 2023, <https://www.ers.usda.gov/topics/crops/corn-and-other-feedgrains/feedgrains-sector-at-a-glance/>.

<sup>5</sup>"Wheat Sector at a Glance."

suffered extensive drought and wildfires in 2011 and lost  $\frac{1}{3}$  of its national wheat crop as a result.<sup>6</sup> China, the global leader in wheat production, suffered wheat crop losses of up to 16 percent between 2000 and 2018 due to pests and pathogens.<sup>7</sup> Another breadbasket of the world, Ukraine, will likely see its 2022–2023 wheat output decline by 41 percent compared to the previous year because of the Russia-Ukraine war.<sup>8</sup>

### Implications of Domestic Wheat Shortages

If America were to experience wheat shortages, the implications would be significant. As the United States is the third largest wheat exporter on the global market, a drop in U.S. supplies would negatively impact world food prices.<sup>9</sup> Following the decline in Russian wheat exports in 2011, food prices spiked and contributed to dramatic instability in countries dependent on imports, helping give rise to the Arab Spring.<sup>10</sup> Trade partners, including key allies such as Japan and South Korea, who rely on U.S. wheat imports would likely feel the pinch most acutely in countering Russian and Chinese influence.

But significant domestic concerns could pose a greater risk. In 1906, journalist Alfred Henry Lewis presciently stated, “There are only nine meals between mankind and anarchy.” Unlike any other commodity, food is the one we cannot survive without. If interruptions to the food supply occurred, the public’s confidence in future availability might begin to erode, spreading fear. Those now living below the poverty line would suffer the most, but even the broader citizenry could start losing confidence in the government’s ability to provide basic needs, fueling an already tense and polarized domestic political climate.

If disruptions affected U.S. wheat production, food substitutes would play a role in softening the impact. However, given wheat’s primacy in our food system, the volume of substitutes needed could pose major challenges. A national grain reserve, similar in concept to the Strategic Petroleum Reserve, would be a logical buffer to mitigate shortages, but unfortunately, no such reserve exists. Despite producing more grain than any other country on earth, China has established a national reserve that reportedly now contains at least 2 years’ worth of grain supplies should the country need it.<sup>11</sup> The United States has previously tried establishing a national grain reserve, most recently with the Bill Emerson Humanitarian Trust. However, the trust sold off its commodity holdings in response to food price spikes resulting from the 2008 financial crisis and now only holds cash reserves to help pay for famine relief needs abroad.<sup>12</sup>

Should a worst-case scenario arise where the entire annual U.S. wheat harvest failed, existing stocks would quickly evaporate if current consumption levels remained constant. In the last crop year of 2021–2022, American farmers produced 1,646 million bushels of wheat, while domestic demand (comprised of human food use, animal feed, and seed) for the year totaled 1,117 million.<sup>13</sup> After factoring in exports and the previous year’s residuals, the remaining stock of U.S. wheat after the previous crop year was 669 million bushels, and this is expected to decrease further next year to its lowest levels since 2007–2008 (*table 1*).<sup>14</sup>

**Table 1. U.S. Wheat Supply, Crop Year 2021–2022**

*Quantity (million bushels)*

Beginning stocks		845
Production		1,646

<sup>6</sup>Steve Baragona, “2011 Food Price Spikes Helped Trigger Arab Spring, Researchers Say,” *Voice of America*, December 13, 2011, <https://www.voanews.com/a/article-2011-food-price-spikes-helped-trigger-arab-spring-135576278/149523.html>.

<sup>7</sup>Qingqing Zhang, *et al.*, “Wheat Yield Losses from Pests and Pathogens in China,” *Agriculture, Ecosystems, and Environment* 326 (March 2022), <https://doi.org/10.1016/j.agee.2021.107821>.

<sup>8</sup>“World Agricultural Production,” USDA, July 2022, <https://apps.fas.usda.gov/PSDOnline/Circulars/2022/07/production.pdf>.

<sup>9</sup>FAOSTAT.”

<sup>10</sup>Baragona, “2011 Food Price Spikes Helped Trigger Arab Spring.”

<sup>11</sup>Jamie Critelli and Gustavo Ferreira, “Does China Have Enough Food to Go to War? Practical Indicators for U.S. Military and Policy Makers,” *Military Review* 102, no. 4 (July–August 2022), 91.

<sup>12</sup>“The Bill Emerson Humanitarian Trust,” U.S. Agency for International Development, <https://www.usaid.gov/news-information/fact-sheets/bill-emerson-humanitarian-trust>.

<sup>13</sup>The U.S. wheat crop year runs June through May. See Andrew Sowell and Bryn Swearingen, “Wheat Outlook: November 2022,” USDA, November 14, 2022.

<sup>14</sup>*Ibid.*

**Table 1. U.S. Wheat Supply, Crop Year 2021–2022—Continued**

Quantity (million bushels)

Imports		95
Total supply	2,587	
Domestic demand		1,117
Exports		800
Total demand		1,917
Ending stocks	669	

Source: Andrew Sowell and Bryn Swearingen. "Wheat Outlook: November 2022." USDA Economic Research Service.

Applying a "time-to-survive" analysis to the hypothetical worst-case scenario, which measures the maximum duration that supply could match demand (assuming the previous domestic demand level held constant and exports were canceled), existing domestic wheat stocks would last only about 7 months.<sup>15</sup> Unlike other industries, agriculture does not have the option of surging production when a crisis arises as it is constrained by annual growing seasons. The United States could not replenish its wheat stocks with domestic production until the next summer harvest season.

Food shocks and price spikes resulting from the COVID–19 pandemic and Russia's war in Ukraine have helped Washington realize our food system's fragility. The latest National Security Strategy under President Joe Biden cites food security as one of the top five shared global challenges. It highlights global initiatives the United States is currently leading, including efforts to urge other states to commit to "keeping food and agricultural markets open, increasing fertilizer production, and investing in climate-resilient agriculture."<sup>16</sup> These efforts are worthwhile, but America must ensure its increased focus on global food insecurity does not turn a blind eye to potential vulnerabilities in domestic food production that a disruptive adversary such as Russia could exploit.

#### Moscow's Increasingly Disruptive Actions

Over the past 2 decades, while the Russian Federation has enjoyed a resurgence of economic growth and global influence under Vladimir Putin's leadership, the Kremlin has demonstrated a repeated willingness to undermine U.S. interests. The reasons for this approach are rooted in what has become characterized as the Primakov doctrine, which "posits that a unipolar world dominated by the United States is unacceptable to Russia."<sup>17</sup> In operationalizing the Primakov doctrine, Russia has been conducting a hybrid war in part to "fo[r]ment chaos, create distrust in U.S. institutions, and target the preexisting divisions in the country."<sup>18</sup> Through these actions, Russia has earned a reputation as a perilous threat "with the goal of overturning key elements of the international order."<sup>19</sup>

There is no shortage of examples illustrating why Russia is now characterized this way. The United States has attributed several significant cyber attacks<sup>20</sup> targeting American industry and governmental organizations to Russia in recent decades.<sup>21</sup>

<sup>15</sup>The "time-to-survive" metric for measuring supply chain resilience is attributable to David Simchi-Levi, William Schmidt, and Yehua Wei. For further details, see David Simchi-Levi, "Find the Weak Link in Your Supply Chain," *Harvard Business Review*, June 9, 2015, <https://hbr.org/2015/06/find-the-weak-link-in-your-supply-chain>.

<sup>16</sup>*National Security Strategy* (Washington, D.C.: The White House, October 2022), 29, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>.

<sup>17</sup>Eugene Rumer, "The Primakov (Not Gerasimov) Doctrine in Action," Carnegie Endowment for International Peace, June 5, 2019, <https://carnegieendowment.org/2019/06/05/primakov-not-gerasimov-doctrine-in-action-pub-79254>.

<sup>18</sup>Sarah Jacobs Gamberini, "Social Media Weaponization: The Biohazard of Russian Disinformation Campaigns," *Joint Force Quarterly* 99 (4th Quarter 2020), 10, [https://ndupress.ndu.edu/Portals/68/Documents/jfq/jfq-99/jfq-99\\_4-13\\_Gamberini.pdf](https://ndupress.ndu.edu/Portals/68/Documents/jfq/jfq-99/jfq-99_4-13_Gamberini.pdf).

<sup>19</sup>*National Security Strategy*, 23–25.

<sup>20</sup>The term *cyber attack* in today's lexicon is vague and holds multiple meanings. For the purposes of this essay, the term refers to computer network intrusions and disruptions. This contrasts with other forms of information warfare, such as influence operations, that leverage communications networks to influence targeted audiences.

<sup>21</sup>*GRIZZLY STEPPE—Russian Malicious Cyber Activity* (Washington, D.C.: Department of Homeland Security [DHS] and Federal Bureau of Investigation [FBI], December 29, 2016), 4, [https://www.cisa.gov/sites/default/files/publications/JAR\\_16-20296A\\_GRIZZLY%20STEPPE-2016-1229.pdf](https://www.cisa.gov/sites/default/files/publications/JAR_16-20296A_GRIZZLY%20STEPPE-2016-1229.pdf); Jason Healey, ed., *A Fierce Domain: Conflict in Cyberspace, 1986 to 2012* (Vienna, VA: Cyber Conflict Studies Association, 2013), 205–207; "Dragonfly: Western Energy Companies Under Sabotage Threat," Symantec, June 30, 2014, <https://symantec-enterprise->

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The Kremlin has also gone to great lengths to interfere with the democratic process Americans cherish. The clearest example of this approach was during the 2016 Presidential election. According to the U.S. Intelligence Community and Department of Justice investigations, the Kremlin directed extensive information warfare operations to influence the election outcome, resulting in distrust among the U.S. citizenry in the reliability of our electoral system.<sup>22</sup>

Russia is now also seeking to undermine the U.S.-led global economic system. Suffering from unprecedented Western sanctions as punishment for its war in Ukraine, Russia is countering with its own strategies to establish a global economy that excludes the West. Not only have the Russians cut natural gas supplies to Europe, but they are also replacing access to Western marketing by increasing trade with China, India, and other countries. Russia has also been championing its own alternative to the SWIFT international financial messaging system.<sup>23</sup>

These examples demonstrate Russia's repeated attempts to undermine American strength and interests. Outcomes from these efforts have resulted in various levels of success in sowing seeds of domestic chaos to destabilize U.S. society. Should the Kremlin succeed in significantly disrupting Americans' ability to sufficiently access cheap and convenient food, the impact could become far more intense than what Russia has achieved to this point.



*blogs.security.com/blogs/threat-intelligence/dragonfly-energy-companies-sabotage*; Andy Greenberg, "The Russian Hackers Playing 'Chekhov's Gun' With U.S. Infrastructure," *Wired*, October 26, 2020, <https://www.wired.com/story/berserk-bear-russia-infrastructure-hacking/>; "Tactics, Techniques, and Procedures of Indicted State-Sponsored Russian Cyber Actors Targeting the Energy Sector," Cybersecurity and Infrastructure Security Agency (CISA), March 24, 2022, <https://www.cisa.gov/uscert/ncas/alerts/aa22-083a>; "Russian SVR Targets U.S. and Allied Networks," National Security Agency, CISA, and FBI, April 2021, [https://media.defense.gov/2021/apr/15/2002621240/-1/-1/0/csa\\_svr\\_targets\\_us\\_allies\\_uoo13234021.pdf](https://media.defense.gov/2021/apr/15/2002621240/-1/-1/0/csa_svr_targets_us_allies_uoo13234021.pdf); "Statement by Deputy National Security Advisor for Cyber and Emerging Technology Anne Neuberger on SolarWinds and Microsoft Exchange Incidents," The White House, April 19, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/19/statement-by-deputy-national-security-advisor-for-cyber-and-emerging-technology-on-solarwinds-and-microsoft-exchange-incidents/>.

<sup>22</sup> Background to "Assessing Russian Activities and Intentions in Recent U.S. Elections": *The Analytic Process and Cyber Incident Attribution* (Washington, D.C.: Office of the Director of National Intelligence [ODNI], January 6, 2017), [https://www.dni.gov/files/documents/ICA\\_2017\\_01.pdf](https://www.dni.gov/files/documents/ICA_2017_01.pdf); Robert S. Mueller, *Report on the Investigation Into Russian Interference in the 2016 Presidential Election* (Washington, D.C.: Department of Justice, March 2019).

<sup>23</sup> Alexander Marrow, "Russia's SWIFT Alternative Expanding Quickly This Year, Says Central Bank," *Reuters*, September 23, 2022, <https://money.usnews.com/investing/news/articles/2022-09-23/russias-swift-alternative-expanding-quickly-this-year-says-central-bank>.

Combine reloads wheat into bunker for further transportation during harvest near Krasne, Ukraine, July 5, 2019 (United Nations Food and Agricultural Organization).

### Experienced Cereal Killers

While their attempts to disrupt U.S. interests in the post-Cold War era have yet to target food directly, the Russians have found it a preferred tactic elsewhere. In fact, during their current war in Ukraine, attacking wheat storage and production has been a top priority, and they have done so with remarkable efficacy. Ukraine is one of the world's most productive breadbaskets, producing over 85 million metric tons of wheat annually.<sup>24</sup> Ukraine was the world's fourth largest wheat exporter on the global market during the 2021–2022 crop year.<sup>25</sup> Recognizing Ukrainian grain as a critical center of gravity, Russian forces have employed a relentless multi-faceted strategy to destroy that element of the Ukrainian economy.

The first element of this strategy is the theft of Ukrainian agricultural machinery. Since the early weeks of the war, media outlets have reported multiple instances of Russian forces ransacking Ukrainian grain stocks, shipping their contents back to Russian territory and sending it to Russian cargo vessels for export to global Russian trading partners.<sup>26</sup> Some estimates claim that millions of tons of grain from eastern Ukraine have been seized, triggering nightmares of the Soviet-induced Ukrainian famine of 1932–1933.<sup>27</sup> Russians looted farm machinery dealerships and stole combines, tractors, and implements.

The second component of the Russian strategy to eliminate Ukrainian wheat is destruction. Not only have battles prevented farmers in certain regions of eastern Ukraine from tending to their fields, but Russian forces have also laid waste to Ukrainian cropland by burning vast acreages across the Donetsk, Mykolaiv, and Kherson regions. Russian bombing and missile strikes have destroyed the logistical infrastructure essential to wheat production and delivery, including irrigation systems, grain elevators, and port terminals. Seeking to damage Ukraine's ability to recover from the conflict, Russia went so far as to target Ukraine's National Gene Bank located in Kharkiv, which served as the country's seed bank, housing some 160,000 specimens of plant and crop seeds.<sup>28</sup>

A third pillar of the Russian strategy undermining wheat production in Ukraine has focused on Ukraine's ability to export its grain. In the early days of the war, the Russian naval blockade of Ukraine's Black Sea ports strangled Ukrainian exports, cutting off essential means for Kyiv to participate in global markets. Agricultural commodities are Ukraine's top exports, including \$4.61 billion worth of wheat alone in 2020.<sup>29</sup> Blockading the Black Sea ports was painful for Ukraine and the many countries relying on Ukrainian wheat to feed their populations, contributing to damaging global food price spikes and inflation over the ensuing months. Not until August 2022 did Russia agree to lift the blockade, based on a tenuous agreement brokered with assistance from the UN and Turkey. Even since the initial agreement, the Kremlin has unilaterally suspended it once and has threatened not to renew the deal.<sup>30</sup>

Ukraine's experience during the current Russian invasion reveals the lengths to which Russia is willing to go to intentionally attack wheat production and supplies, even when that grain is a vital component of the local and global food system. Based on this precedent, the United States and its allies must be prepared to defend against the variety of tactics Moscow could employ to attack wheat production elsewhere.

<sup>24</sup>“FAOSTAT.”

<sup>25</sup>“Production, Supply, and Distribution,” USDA, <https://apps.fas.usda.gov/psdonline/app/index.html#/app/advQuery>.

<sup>26</sup>Declan Walsh and Valerie Hopkins, “Russia Seeks Buyers for Plundered Ukraine Grain, U.S. Warns,” *New York Times*, June 5, 2022, <https://www.nytimes.com/2022/06/05/world/af-rica/ukraine-grain-russia-sales.html>.

<sup>27</sup>Susanne A. Wengle and Vitalii Dankevych, “Ukrainian Farms Feed Europe and China. Russia Wants to End That,” *Washington Post*, September 1, 2022, <https://www.washingtonpost.com/business/2022/09/01/russia-attacks-ukraine-farm-economy/>.

<sup>28</sup>*Ibid.*

<sup>29</sup>“Ukraine,” Observatory of Economic Complexity (OEC), <https://oec.world/en/profile/country/ukr>.

<sup>30</sup>Amanda Macias and Gabriel Cortés, “Ukraine Agriculture Exports Top 10 Million Metric Tons Since Ports Reopened Under UN-Backed Black Sea Grain Initiative,” CNBC, November 3, 2022, <https://www.cnbc.com/2022/11/03/russia-ukraine-war-black-sea-grain-initiative-agriculture-exports-hit-milestone.html>.



Secretary of State Antony Blinken participates in roundtable discussion on food security and Vision for Adapted Crops and Soils with agricultural leaders from public and private sectors, in New York City, August 4, 2023 (Department of State/Chuck Kennedy).

### Russia's Emergence as a Global Food Power

Competition between Washington and Moscow that is centered around grain is nothing new. Following the U.S. Civil War in the 1860s, cheap American wheat flooded global markets for the first time, pushing Russian wheat exports out of Europe. The U.S.-Russian grain trade rivalry was a key factor in conditions that ultimately ushered in World War I.<sup>31</sup> Wheat has continued to play a major, albeit behind the scenes role in U.S.-Russian relations ever since.

When Putin became President in 2000, Russia relied on imports to meet half its domestic food needs. Prioritizing food security, the Russian President has since successfully executed initiatives to boost food production, and grain has been a critical focus. By 2017, Russia had become the world's top wheat exporter, and the Kremlin has no plans to cede its pole position. Despite unprecedented sanctions from the West as punishment for its war in Ukraine, Russia still has plenty of buyers for its wheat exports in the Middle East and Asia as it strives to outproduce and out-compete American farmers.<sup>32</sup> Even China began importing Russian wheat this year after previously placing a ban on it due to concerns about the presence of a crop disease (dwarf bunt fungus).<sup>33</sup> The Kremlin's agriculture minister is now on a mission to increase the value of agricultural exports by 50 percent by 2024.<sup>34</sup>

Recent global supply chain disruptions from events such as the war in Ukraine and the COVID-19 pandemic have highlighted Moscow's privileged position in terms of food security. Russia is the world's top exporter of not only wheat but also fertilizer.<sup>35</sup> Given its relative strength in this area and a demonstrated willingness to attack Ukrainian wheat, attacking the domestic American wheat industry could

<sup>31</sup>Scott Reynolds Nelson, *Oceans of Grain: How American Wheat Remade the World* (New York: Basic Books, 2022).

<sup>32</sup>Michael Hogan and Gus Trompiz, "Russian Wheat Sales Climb as Buyers Seek Lower-Cost Options," *Business Recorder*, April 9, 2022, <https://www.brecorder.com/news/40166176/russian-wheat-sales-climb-as-buyers-seek-lower-cost-options>.

<sup>33</sup>Laura He, "China Lifts Restrictions on Russian Wheat Imports," CNN, February 25, 2022, <https://www.cnn.com/2022/02/25/business/wheat-russia-china-intl-hnk/index.html>.

<sup>34</sup>Nastassia Astrasheuskaya, "Russia Starts to Sow Seeds of 'Wheat Diplomacy,'" *Financial Times*, September 2, 2021.

<sup>35</sup>"Wheat," OEC, <https://oec.world/en/profile/hs/wheat>; Joana Colussi, Gary Schnitkey, and Carl Zulauf, "War in Ukraine and Its Effect on Fertilizer Exports to Brazil and the U.S.," *Farmdoc Daily* 12, no. 34 (March 17, 2022), <https://farmdocdaily.illinois.edu/2022/03/war-in-ukraine-and-its-effect-on-fertilizer-exports-to-brazil-and-the-us.html>.



become a viable option in Russia's arsenal of hybrid warfare tactics against U.S. interests. Specific strategies Russia could employ to target U.S. wheat production can be organized into four categories of attack:

- cyber attacks targeting grain storage and transport infrastructure
- restricting fertilizer exports to U.S. and/or global markets
- manipulating international wheat markets
- agricultural biowarfare.

The following sections will explore each of these options in depth.

### **Disruption Option 1: Cyber Attacks Targeting Grain Infrastructure**

Among the cyber-security industry, many consider Russia to be the most capable and stealthiest of America's cyber adversaries. In addition to the notable intrusions mentioned earlier, suspected Russian adversary groups have earned their reputation for several reasons, including developing sophisticated malware that employed novel command and control techniques, exhibiting rapid breakout times, and leading the way in targeting cloud infrastructure.<sup>36</sup>

Cyber attacks crippling the food industry are not unprecedented. For example, suspected criminals successfully compromised the network of JBS S.A., a global meat processing company, hampering livestock slaughter operations and causing wholesale meat prices to spike.<sup>37</sup> Should the Kremlin set its sights on disrupting the U.S. wheat industry via cyber means, a likely approach would be targeting the infrastructure used for grain transport and storage, specifically the grain storage elevators throughout wheat production regions. These facilities comprise an essential component of the Nation's food system, which the Department of Homeland Security (DHS) has identified as 1 of the 16 sectors of critical infrastructure.<sup>38</sup> Farming cooperatives operating grain elevators increasingly leverage automation technologies to handle loading and unloading functions. If an adversary gained remote access to the industrial control system (ICS) network environment, they could shut down operations, preventing grain transportation to trade markets and food processors.

Russian state-sponsored adversaries are known to have successfully targeted a critical infrastructure ICS environment, causing kinetic effects. A cyber unit within the Russian military was responsible for the attack on the Ukrainian power grid, resulting in nearly ¼ million Ukrainians losing power for about 6 hours.<sup>39</sup> A similar attack chain methodology could disrupt control systems for other sectors of critical infrastructure, such as grain storage facilities.

A less sophisticated means of attack on grain elevators would be to infect the traditional computer networks operating at these facilities in attempts to affect operations. This has already happened on several occasions. Between the fall of 2021 and early 2022, six U.S. grain cooperative elevator facilities experienced ransomware attacks on their business networks that inhibited processing as some were forced to adjust to manual operations. Recognizing the threatening trend, the Federal Bureau of Investigation (FBI)'s Cyber Division issued a Private Industry Notice to assist grain cooperative organizations better prepare their defenses.<sup>40</sup> The FBI's report also noted the potential for an impact on commodities trading and stocks that could result in food security and inflation concerns.

Another potential cyber attack against the wheat industry that could lead to severe outcomes would be a more typical intrusion into agriculture industry business networks. Large agriculture firms have not been immune from network intrusions

<sup>36</sup> Alex Drozhzhin, "Russian-Speaking Cyber Spies Exploit Satellites," *Kaspersky Daily*, September 9, 2015, <https://usa.kaspersky.com/blog/turla-apt-exploiting-satellites/5945/>; Adam Meyers, "First-Ever Adversary Ranking in 2019 Global Threat Report Highlights the Importance of Speed," *CrowdStrike*, February 19, 2019, <https://www.crowdstrike.com/blog/first-ever-adversary-ranking-in-2019-global-threat-report-highlights-the-importance-of-speed/>; *CrowdStrike 2022 Global Threat Report* (Austin, TX: CrowdStrike, 2022), 25, <https://irp.cdn-website.com/5d9b1ea1/files/uploaded/Report2022GTR.pdf>.

<sup>37</sup> Jacob Bunge and Jesse Newman, "Ransomware Attack Roiled Meat Giant JBS, Then Spilled Over to Farmers and Restaurants," *Wall Street Journal*, June 11, 2021, <https://www.wsj.com/articles/ransomware-attack-roiled-meat-giant-jbs-then-spilled-over-to-farmers-and-restaurants-11623403800>.

<sup>38</sup> "Food and Agriculture Sector," CISA, <https://www.cisa.gov/food-and-agriculture-sector>.

<sup>39</sup> "Russian State-Sponsored and Criminal Cyber Threats to Critical Infrastructure," CISA, May 9, 2022, <https://www.cisa.gov/uscert/ncas/alerts/aa22-110a>; Andy Greenberg, *Sandworm: A New Era of Cyberwar and the Hunt for the Kremlin's Most Dangerous Hackers* (New York: Doubleday, 2019), 52–53.

<sup>40</sup> Jonathan Reed, "Ransomware Attacks on Agricultural Cooperatives Potentially Timed to Critical Seasons," *Security Intelligence*, September 14, 2022.

aimed at stealing intellectual property. Unlike the other attacks mentioned, where the objective is to perform sabotage or shut down a network for ransom, cybersecurity firms have noted that intellectual property theft intrusions targeting agriculture firms are on the rise.<sup>41</sup>

Should Russian-aligned adversaries gain access to sensitive agriculture industry data, they could facilitate further disruptive strategies. For example, stolen documents and data could be altered and then leaked publicly, delivering damaging false messages like the hackers who doctored data stolen from Pfizer to undermine public trust in vaccines.<sup>42</sup> Similarly, grain pathology and trade experts note that false claims of wheat crop disease would have dramatic adverse effects on American grain exports.<sup>43</sup> Undermining American interests related to global trade introduces additional options at the Kremlin's disposal for disrupting U.S. wheat production.

### **Disruption Option 2: Restricting Fertilizer Exports**

The United States is a net exporter of food. As such, some assume the country is self-sufficient in meeting domestic food needs. However, that conclusion is tenuous because American agriculture depends on imports of foreign synthetic fertilizer. Less than one percent of U.S. farmland is organic.<sup>44</sup> Farming the remaining 99 percent involves conventional methods. One characteristic of conventional agriculture is the “extensive use of pesticides, fertilizers, and external energy inputs.”<sup>45</sup> Despite the United States having a relatively robust fertilizer production industry, it does not currently provide for all domestic farming needs. According to the USDA, “The United States is a major importer and dependent on foreign fertilizer and is the second or third top importer for each of the three major components of fertilizer.”<sup>46</sup>

The three primary fertilizer nutrients required to grow crops are nitrogen, phosphorus, and potassium. Nitrogen fertilizer is derived from the Haber-Bosch process, which uses natural gas for fuel to extract nitrogen from the air to form ammonia. Phosphorus fertilizer comes from mining of nonrenewable phosphate rock. Potassium fertilizer is derived from mining nonrenewable potash. As of 2021, the United States imported 12 percent of its nitrogen, nine percent of its phosphate, and 93 percent of its potash.<sup>47</sup> While America imports these materials from many friendly states, some come from less-trusted trading partners. This is especially true of potash. Russia and its close ally, Belarus, combine to provide 12 percent of America's potassium requirements and more than 15 percent of total U.S. fertilizer imports (*figure 2*).<sup>48</sup>

<sup>41</sup>“Hacking Farm to Table: Threat Hunters Uncover Rise in Attacks Against Agriculture,” *CrowdStrike*, November 18, 2020, <https://www.crowdstrike.com/blog/how-threat-hunting-uncovered-attacks-in-the-agriculture-industry/>.

<sup>42</sup>Sergiu Gatlan, “Hackers Leaked Altered Pfizer Data to Sabotage Trust in Vaccines,” *Bleeping Computer*, January 15, 2021, <https://www.bleepingcomputer.com/news/security/hackers-leaked-altered-pfizer-data-to-sabotage-trust-in-vaccines/>.

<sup>43</sup>Peter Mutschler, *et al.*, *Threats to Precision Agriculture*, 2018 *Public-Private Analytic Exchange Program* (Washington, D.C.: DHS and ODNI, 2018), <https://doi.org/10.13140/RG.2.2.20693.37600>; Dr. Douglas G. Luster, interview by author, November 16, 2022.

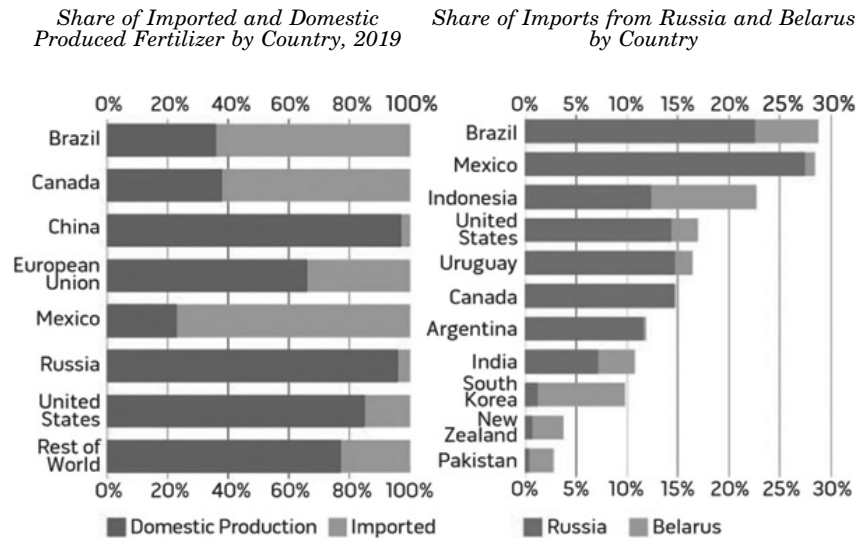
<sup>44</sup>“Organic Farming: Results from the 2019 Organic Survey,” USDA, October 2020, <https://www.nass.usda.gov/Publications/Highlights/2020/census-organics.pdf>.

<sup>45</sup>“Sustainable Agriculture,” USDA, <https://www.nal.usda.gov/legacy/afsic/sustainable-agriculture-definitions-and-terms>.

<sup>46</sup>“USDA Announces Plans for \$250 Million Investment to Support Innovative American-Made Fertilizer to Give U.S. Farmers More Choices in the Marketplace,” USDA, March 11, 2022, <https://www.usda.gov/media/press-releases/2022/03/11/usda-announces-plans-250-million-investment-support-innovative>.

<sup>47</sup>Colussi, Schmitkey, and Zulauf, “War in Ukraine and Its Effect on Fertilizer Exports to Brazil and the U.S.”

<sup>48</sup>*Ibid.*

**Figure 2. Fertilizer Import Dependence by Country**

**Source:** Cited in “Impacts and Repercussions of Prices Increases on the Global Fertilizer Market.” USDA Foreign Agricultural Service. June 30, 2022. <https://www.fas.usda.gov/data/impacts-and-Repercussions-prices-increases-global-fertilizer-market>.

Should Russia choose to disrupt wheat production by stopping potash exports, America would need to find ways to ramp up domestic mining and production or close the gap by increasing imports from friendly trade partners such as Canada, which already supplies 83 percent of potash used in the United States. A more significant cause for concern is that Russia is the world’s largest fertilizer exporter when considering all fertilizer components and is responsible for over 15 percent of total global fertilizer exports.<sup>49</sup> Leveraging that influence, Russia could attempt to manipulate availability on the global market, resulting in worldwide price shocks that would cascade to American consumers and place additional pressure on poorer countries already suffering from food security challenges.

Russian impacts on global fertilizer trade have already contributed to financial instability. Fertilizer prices tripled after the beginning of the war in Ukraine because Russia limited exports. These limits included restrictions on exports of natural gas, which, as noted, is a crucial component for producing nitrogen fertilizer.<sup>50</sup> Russia also shut down an ammonia fertilizer pipeline from its Volga region to a Black Sea port to further restrict global supplies.<sup>51</sup> The USDA characterized the situation as “Putin’s price hike on farmers.”<sup>52</sup> These events contributed to soaring food costs, leading to the highest inflation rates in the United States in 4 decades.<sup>53</sup>

In late 2022, the UN warned that if fertilizer prices were not reduced, the world would face a “future crisis” of food availability. UN officials have since worked to convince Russia to increase fertilizer output.<sup>54</sup> Thanks to rebounding global fer-

<sup>49</sup> Daniel Workman, “Top Fertilizers Exports by Country,” *World’s Top Exports*, 2022, <https://www.worldstopexports.com/top-fertilizers-exports-by-country/>.

<sup>50</sup> Jackie Northam, “How the War in Ukraine Is Affecting the World’s Supply of Fertilizer,” NPR, September 28, 2022, <https://www.npr.org/2022/09/28/1125525861/how-the-war-in-ukraine-is-affecting-the-worlds-supply-of-fertilizer>.

<sup>51</sup> Emma Farge, “UN Pushes for Global Fertilizer Price Cut to Avoid ‘Future Crisis,’” *Reuters*, October 3, 2022, <https://www.reuters.com/markets/commodities/un-pushes-global-fertilizer-price-cut-avoid-future-crisis-2022-10-03/>.

<sup>52</sup> “USDA Announces Plans for \$250 Million Investment.”

<sup>53</sup> “Global Inflation Forecast to Rise to 7.5% by the End of 2022, Driven by Food, Fuel, Energy, and Supply Chain Disruption, Observes GlobalData,” *GlobalData*, July 29, 2022, <https://www.globaldata.com/media/business-fundamentals/global-inflation-forecast-rise-7-5-end-2022-driven-food-fuel-energy-supply-chain-disruption-observes-globaldata/>.

<sup>54</sup> Farge, “UN Pushes for Global Fertilizer Price Cut.”

tilizer production, fertilizer price fears have dampened for the near term.<sup>55</sup> Nevertheless, the situation demonstrates how the Kremlin can leverage its fertilizer superiority to harm the interests of not only the United States but also the world. Unfortunately, fertilizer availability is not the only way Moscow can flex its muscle in undermining American wheat production. Undercutting U.S. grain exports is another area where the American wheat industry is vulnerable to Russian meddling.

### Disruption Option 3: Undercutting U.S. Wheat Exports in Global Markets

America's farmers have historically benefited from growing more wheat than the country consumes and being able to sell excess grain to overseas markets. In crop year 2021–2022, the United States exported \$7.3 billion of wheat, making it the world's third largest wheat exporter, behind Russia and Australia.<sup>56</sup> According to the USDA, in the early 2000s, the United States was responsible for roughly 25 percent of the world's wheat exports, but that dominance has dwindled now to 13 percent.<sup>57</sup> America's share of global wheat exports has shrunk over the past 20 years as Russia has strengthened its position as the world's wheat superpower.

Increasing international competition in wheat trading has strained U.S. wheat exports in recent years, and this trend is expected to continue. Competition from Russia, especially in African and Middle Eastern markets, poses a significant challenge.<sup>58</sup> Russia has shown it is willing to use food trade as a tool of diplomatic force. When Bulgaria ceased transiting Russian gas to Europe, Turkey agreed to facilitate its transit in exchange for receiving wheat imports from Russia. Elsewhere, Russia sold wheat to Iran as part of a deal to help sell Iranian oil. Moscow willingly enters commodity trade markets even if it means undercutting its allies, as Iran experienced this year when Russia discounted its steel exports and grabbed Iranian market share.<sup>59</sup> Wheat industry analysts expect Russia to continue pushing boundaries to secure access to wheat export markets, especially in regions with rapid population growth, like southeast Asia.<sup>60</sup>

Waging information warfare would be another scheme the Kremlin could employ to win in export markets. As mentioned, crafting and communicating a hoax that falsely claims American wheat supplies are contaminated with disease would cause buyers to seek alternative sources.<sup>61</sup> Rules over grain disease quarantines can be a sensitive political subject between traders, even without misinformation campaigns. When coupled with stolen and altered data derived from a coordinated cyber intrusion, the United States would have difficulty eliminating concerns about the quality of American wheat stocks.

Complicating the issue is that prior incidents of contaminated U.S. wheat exports could strengthen Russian hoax claims. The Soviet Union and several other countries complained of dirty, rotting, and insect-ridden U.S. grain in the 1980s.<sup>62</sup> In the mid-1990s, the USDA had to institute a regulatory program to certify wheat shipments were free of fungal disease after a Karnal bunt outbreak in the United States.<sup>63</sup> Recent research suggests that the Environmental Protection Agency scientific integrity and transparency failures related to pesticide use have eroded global trust and are undermining U.S. agricultural exports.<sup>64</sup>

If Russia succeeds in taking global wheat export markets from the United States, American farmers will undoubtedly be threatened. With less market access and increasing input costs, the incentive for growing the preeminent American staple crop

<sup>55</sup>Russ Quinn, "Global Fertilizer Market Update," *DTN Progressive Farmer*, March 8, 2023, <https://www.dtnpf.com/agriculture/web/ag/news/crops/article/2023/02/28/usda-ag-outlook-changes-coming>.

<sup>56</sup>"Production, Supply, and Distribution."

<sup>57</sup>"Wheat: Overview," USDA, April 3, 2023, <https://www.ers.usda.gov/topics/crops/wheat/>.

<sup>58</sup>"Wheat 2021 Export Highlights," USDA, <https://www.fas.usda.gov/wheat-2021-export-highlights>.

<sup>59</sup>"Iran Sees No Benefit from Ukraine War as Russia Undercuts It on Steel and Oil," *Middle East Eye*, June 23, 2022, <http://www.middleeasteye.net/news/iran-russia-ukraine-no-benefit-from-war-undercut-oil-steel>.

<sup>60</sup>Astrasheuskaya, "Russia Starts to Sow Seeds of 'Wheat Diplomacy.'"

<sup>61</sup>Michael O. Pumphrey, interview by author, November 15, 2022.

<sup>62</sup>"Soviets Say U.S. Grain Exports Are Dirty, Decaying, and Insect-Ridden," *Los Angeles Times*, June 2, 1985, <https://www.latimes.com/archives/la-xpm-1985-06-02-fi-15167-story.html>.

<sup>63</sup>Gary Vocke, Edward W. Allen, and J. Michael Price, *The Economic Impact of Karnal Bunt Phytosanitary Wheat Export Certificates* (Washington, D.C.: USDA Economic Research Service, August 2010), [https://www.ers.usda.gov/webdocs/outlooks/39643/8713\\_whs10h01\\_1\\_.pdf?v=1741](https://www.ers.usda.gov/webdocs/outlooks/39643/8713_whs10h01_1_.pdf?v=1741).

<sup>64</sup>Nathan Donley, "How the EPA's Lax Regulation of Dangerous Pesticides Is Hurting Public Health and the U.S. Economy," Brookings Institution, September 29, 2022, <https://www.brookings.edu/research/how-the-epas-lax-regulation-of-dangerous-pesticides-is-hurting-public-health-and-the-us-economy/>.

would dwindle, resulting in lower output and production capacity. Such an outcome, combined with other disruptive options identified in this essay, could accelerate Russian aims of undermining U.S. global power.

#### **Disruption Option 4: Agricultural Bioterrorism**

Another vector for attacking U.S. wheat production, and one carrying potentially the broadest impact, would be a Russian attack involving pests or pathogens designed to damage crops. Such an attack would likely be done covertly to provide plausible deniability. Before the Biological and Toxin Weapons Convention of 1972 (BWC), several countries, including the United States, developed and maintained offensive biological weapons research programs.

Many historians and scientists claim that while other signatories to the BWC ceased their offensive biological weapons programs after the convention went into effect in 1975, the Soviet Union secretly continued its program despite being a signatory to the treaty. Research has shown that the Soviet program was the longest and most sophisticated the world has ever seen, beginning in 1928 and lasting until at least 1992. Its scope was massive, involving over 65,000 workers.<sup>65</sup> A specific component of Soviet biological warfare research operated under the code name *Ekologiya* and focused on developing pathogens that would kill animals and plants, including crops such as wheat. It eventually became the largest ever offensive biowarfare project focused specifically on agriculture.<sup>66</sup>

Should the Russians choose to conduct a biological attack against American grain crops, wheat rust could likely be the weapon of choice. Wheat rusts are a type of fungus belonging to the genus *Puccinia* that can affect different parts of the wheat plant. Also known as “the polio of agriculture,” it has been the worst wheat disease in history, capable of causing catastrophic crop failures. During the first half of the 20th century, rust destroyed 1/5 of America’s wheat crops in periodic epidemics.<sup>67</sup> Before the BWC outlawed offensive biowarfare programs, many countries sought to weaponize wheat rust because of its potent effects in targeting crops. Relative to other biological agents, it remains viable for an extended period of time under cool storage (2 years) and spreads quickly after release.<sup>68</sup> In addition, plant rust fungal spores are easily dispersed, durable to withstand transportation and transmission, and easy to produce in sufficient quantities. If the specific variety of targeted wheat is known, attackers could use tailored strains of wheat rust that would have the greatest likelihood of successfully killing and spreading while protecting their own crop with specific strain-resistant varieties.<sup>69</sup>

According to some claims, the Soviet program did not stockpile anti-agricultural weapons like wheat rust but maintained several facilities “equipped as mobilization capacities, to rapidly convert to weapons production should the need arise.”<sup>70</sup> A historian of the *Ekologiya* program described one of the project’s main facilities as possessing the world’s largest “unique collection of fungal pathogens against wheat.”<sup>71</sup> Another facility, the Scientific Research Agricultural Institute in Gvardeyskiy, Kazakhstan, was reportedly a key testing site for newly developed anticrop (including antiwheat) pathogens in greenhouses measuring a total area of 100 square meters.<sup>72</sup> In total, four separate program facilities maintained laboratories focusing on rust species research.<sup>73</sup>

Project *Ekologiya* has several implications for the security of U.S. wheat production today. First, the Russian Federation inherited the offensive Soviet biological weapons program and its decades of research, development, and technological capability. While the Kremlin claims the program ended after the Cold War and that it has since complied with the BWC, the United States argues otherwise. In 2021, the State Department reported the following: “The United States assesses that the Russian Federation maintains an offensive BW program and is in violation of its

<sup>65</sup> Milton Leitenberg, Raymond A. Zilinskas, and Jens H. Kuhn, *The Soviet Biological Weapons Program* (Cambridge, MA: Harvard University Press, 2012), 698–700.

<sup>66</sup> Anthony Rimmington, *The Soviet Union’s Agricultural Biowarfare Programme: Ploughshares to Swords* (Cham, Switzerland: Palgrave Macmillan, 2021).

<sup>67</sup> “Rust in the Bread Basket,” *The Economist*, July 1, 2010.

<sup>68</sup> Rimmington, *The Soviet Union’s Agricultural Biowarfare Programme*, 26.

<sup>69</sup> Dr. Don Huber, interview by author, November 11, 2022.

<sup>70</sup> Kenneth Alibek, “The Soviet Union’s Anti-Agricultural Biological Weapons,” *Annals of the New York Academy of Sciences* 894, no. 1 (1999), 18–19.

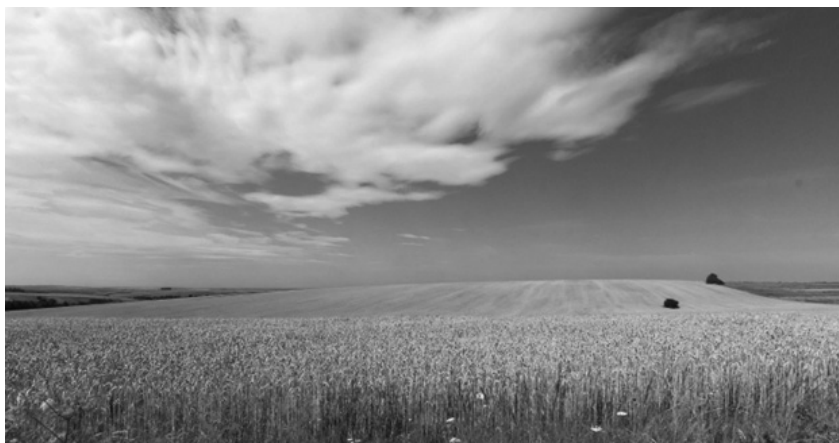
<sup>71</sup> Rimmington, *The Soviet Union’s Agricultural Biowarfare Programme*, 49.

<sup>72</sup> *Ibid.*, 84.

<sup>73</sup> *Ibid.*, 144.

obligation under Articles I and II of the BWC. The issue of compliance by Russia with the BWC has been of concern for many years.”<sup>74</sup>

Not only is there a possibility Russia has maintained a biological weapons program with agricultural components, but a second implication for U.S. national security is that conventional American farming is potentially vulnerable to biological attack because intensive farming, as practiced today, “involves limited diversification of crop and cultivar genetics over large areas,” helping create “an ideal environment” for new pest establishment and spread.<sup>75</sup> As small, diversified farms have been overtaken by today’s larger farming operations for the sake of profit and efficiency, the United States has inadvertently made its crops potentially more vulnerable to biological attack. Some experts note that pests and the plant diseases they can carry would be “an ideal means of waging ‘asymmetric’ war” in scenarios that fall below the threshold of conventional armed conflict.<sup>76</sup>



Wheat fields in midsummer in Ukraine, Oblast Lviv, July 19, 2012 (Courtesy Raimond Spekking).

Exacerbating the problem is that our germplasm seed banks are potentially insufficient in possessing the diversity required to rebound from a devastating biological event. New varieties with resistance would be essential in a successful attack scenario because wheat rust can persist over the winter and remain viable to infect the following year’s crop. During the Cold War, germplasm collections were better stocked and more robust to ensure resilience against known pathogens. Those efforts have fallen behind in recent decades.<sup>77</sup> For example, a new strain of wheat stem rust emerged in Uganda in 1998, commonly known as Ug99.<sup>78</sup> Since then, scientists have evaluated roughly 200,000 wheat varieties for natural resistance to Ug99. Less than ten percent demonstrated adequate resistance.<sup>79</sup> Not until 2017 did researchers discover a gene that provided resistance to Ug99, making it possible to develop wheat varieties naturally capable of surviving the disease.

It should be noted that debate exists around the degree of risk posed by a supposed lack of biodiversity. Some wheat pathology experts argue that concerns of insufficient biodiversity in American wheat crops are overblown. While wheat as a

<sup>74</sup>“2021 Adherence to and Compliance with Arms Control, Nonproliferation, and Disarmament Agreements and Commitments,” Department of State, April 15, 2021, <https://www.state.gov/2021-adherence-to-and-compliance-with-arms-control-nonproliferation-and-disarmament-agreements-and-commitments/>.

<sup>75</sup> Don M. Huber *et al.*, *Invasive Pest Species: Impacts on Agricultural Production, Natural Resources, and the Environment*, Issue Paper No. 20 (Ames, IA: Council for Agricultural Science and Technology, March 2002), [https://www.iatp.org/sites/default/files/Invasive\\_Pest\\_Species\\_Impacts\\_on\\_Agricultural\\_.htm](https://www.iatp.org/sites/default/files/Invasive_Pest_Species_Impacts_on_Agricultural_.htm).

<sup>76</sup> Jeffrey A. Lockwood, *Six-Legged Soldiers: Using Insects as Weapons of War* (New York: Oxford University Press, 2009), 242.

<sup>77</sup> Huber, interview.

<sup>78</sup> The term *Ug99* is now used in a more generic sense to include the original variant along with new associated genetic variants (“races”).

<sup>79</sup> Ravi P. Singh, *et al.*, “The Emergence of Ug99 Races of the Stem Rust Fungus Is a Threat to World Wheat Production,” *Annual Review of Phytopathology* 49, no. 1 (September 8, 2011), 465–481.

species is a monoculture grown in vast quantities across the United States, there are many dozens of commercial wheat varieties grown today, providing a reasonable degree of genetic diversity within the species to mitigate massive impacts from disease or pest outbreaks.<sup>80</sup>

Although fungi are the most likely form of intentional biological threat to wheat due to the relatively ease with which they can multiply and spread, other pathogens like viruses and bacteria can also affect grain crops. Defending against viruses is problematic. Treatments against viruses are generally not as effective as using chemicals to control fungi and bacteria. Disturbingly, the Soviet biowarfare program reportedly included a facility based in Uzbekistan, the Central Asian Scientific-Research Institute of Phytopathology, that “focused on viral diseases of wheat.”<sup>81</sup> These claims are corroborated by a declassified 1977 U.S. Defense Intelligence Agency report stating that the Soviet antiplant biowarfare program conducted work on wheat and barley mosaic streak viruses.<sup>82</sup>

Another intentional wheat industry disruption scenario could involve the malicious introduction of wheat parasites that carry harmful bacteria. For example, *Rathayibacter tritici* is a bacterium that infects wheat via parasitic nematodes to cause a toxic gumming disease.<sup>83</sup> While not currently present in the United States, introducing the associated nematode vectors to American wheat crops could at least result in wheat export quarantines, as trade partners would balk at accepting potentially contaminated grain shipments.<sup>84</sup>

Biological attack against wheat production could also be an attractive objective for an adversary like Russia because of the costs imposed by recovery. Pests and pathogens can disperse and reproduce at dramatic rates, providing the potential to wreak havoc across vast amounts of American farmland. For example, a small outbreak of Karnal bunt in the American Southwest in 1996 resulted in \$250 million in damages.<sup>85</sup> In Texas, the cost of mitigating effects on agriculture from nonnative fire ants is more than \$1.2 billion annually. Expenses for protecting crops from a nonnative insect carrying Pierce’s Disease that has plagued California grapevines since 1989 are also substantial.<sup>86</sup> Beyond just the recovery costs, pathogen outbreaks could also easily lead to trade embargoes as destination countries resist the risk of importing contaminated U.S. wheat. Thus, a widespread infestation damaging American wheat crops “could lead to potential economic losses of immense proportions.”<sup>87</sup> A former member of the Soviet biological weapons program agreed, citing antiagricultural biological weapons as “particularly suitable” for disrupting a target country’s economy.<sup>88</sup>

Intentional infestations targeting agriculture for nefarious purposes are not without precedent. Analysts strongly suspect manmade causes behind a debilitating outbreak of the fungus *Moniliophthor perniciosa*, also known as witches’ broom disease, among cocoa fields of Bahia, Brazil, beginning in 1989.<sup>89</sup> Potentially motivated by the perpetrator’s desire to destroy the chocolate industry to punish its wealthy landowners, the suspected attack nearly exterminated the area’s cocoa plantations over the following decade. By 2001, “Brazil went from being the world’s third-leading cocoa producer to being the 13th.”<sup>90</sup> Given this potential for covert bioterrorism to exact large economic costs to a country’s agricultural industry, Russia could consider it as an increasingly attractive option as strategic competition with the United States escalates.

<sup>80</sup> Dr. Tim Murray, interview by author, March 7, 2022.

<sup>81</sup> Rimmington, *The Soviet Union’s Agricultural Biowarfare Programme*, 50.

<sup>82</sup> *Ibid.*, 126.

<sup>83</sup> Jungwook Park, et al., “Comparative Genome Analysis of *Rathayibacter Tritici* NCPPB 1953 with *Rathayibacter Toxicus* Strains Can Facilitate Studies on Mechanisms of Nematode Association and Host Infection,” *The Plant Pathology Journal* 33, no. 4 (August 2017), 370–381, <https://doi.org/10.5423/PPJ.OA.01.2017.0017>.

<sup>84</sup> Murray, interview.

<sup>85</sup> Lila Guterma, “One More Frightening Possibility: Terrorism in the Croplands,” *The Chronicle of Higher Education*, October 26, 2001, <https://www.ph.ucla.edu/epi/bioter/croplandsterrorism.html>.

<sup>86</sup> Lockwood, *Six-Legged Soldiers*, 245–248.

<sup>87</sup> Rimmington, *The Soviet Union’s Agricultural Biowarfare Programme*, 3.

<sup>88</sup> Alibek, “The Soviet Union’s Anti-Agricultural Biological Weapons,” 219.

<sup>89</sup> Marcellus M. Caldas and Stephen Perz, “Agro-Terrorism? The Causes and Consequences of the Appearance of Witch’s Broom Disease in Cocoa Plantations of Southern Bahia, Brazil,” *Geoforum* 47 (June 2013), 147–157.

<sup>90</sup> Joanne Silberner, “A Not-So-Sweet Lesson from Brazil’s Cocoa Farms,” NPR, June 14, 2008, <https://www.npr.org/2008/06/14/91479835/a-not-so-sweet-lesson-from-brazils-cocoa-farms>.

### Risk Analysis

Risk is a function of likelihood and consequence and can be mathematically described as  $Risk = Likelihood \text{ of an Event} \times Consequence \text{ (loss due to the event)}$ .<sup>91</sup> To aid in measuring likelihood and consequence of the four attack strategies Russia could employ to target U.S. wheat production, an expert survey was conducted. Data was collected from 30 participants in the United States who are professionals with expertise in fields related to the wheat industry, including farming, academia, information technology, and global trade. Due to the potential security concerns of identifying the experts in the survey, it was decided that all participants would remain anonymous. The survey asked each participant to assess the likelihood and consequences of the four Russian disruption scenarios: cyber attacks targeting grain infrastructure, restricting fertilizer exports, undercutting U.S. wheat exports, and agricultural bioterrorism.<sup>92</sup> Participants assessed the likelihood of each scenario using a 5-point Likert scale converted to the following percentages to enable calculations (table 2). Participants assessed consequence using the following 5-point Likert scale based on expected economic losses ranging from less than \$1 million to more than \$20 billion (table 3). Survey results for likelihood and consequence are captured in figures 3 and 4 and risk scores are presented in figure 5. Calculated mean scores for likelihood and consequence for each attack scenario are found in table 4.

**Table 2. Likert Scale With Associated Percentages for Measuring Likelihood**

Scale	Likelihood	Percentage Chance
1	Very unlikely	0
2	Unlikely	25
3	Even chance	50
4	Likely	75
5	Very likely	100

**Table 3. Likert Scale With Associated Dollar Cost Ranges for Measuring Consequence**

Scale	Consequence
1	Less than \$1 million
2	\$1 million to \$100 million
3	\$100 million to \$1 billion
4	\$1 billion to \$20 billion
5	More than \$20 billion

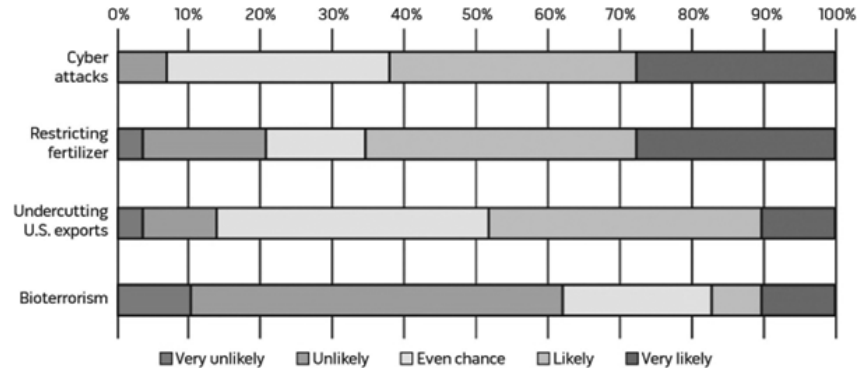
<sup>91</sup>Ortwin Renn, "Concepts of Risk: An Interdisciplinary Review," *GAIA—Ecological Perspectives for Science and Society* 17, nos. 1–2 (March 2008).

<sup>92</sup>Participants were provided with the following additional clarification: "Cyber attacks targeting grain storage/transport infrastructure could include the following actions: ransomware attacks against grain cooperative or port business networks; intrusions into industrial control systems networks involved in grain storage or transport." Participants also were provided: "Undercutting U.S. wheat exports in global markets could include the following actions: short-term price manipulations or subsidies to domestic wheat production to make Russian wheat exports more competitive in global markets; applying further diplomatic pressure on potential trade partners; spreading false claims about the health and quality of U.S. grain."



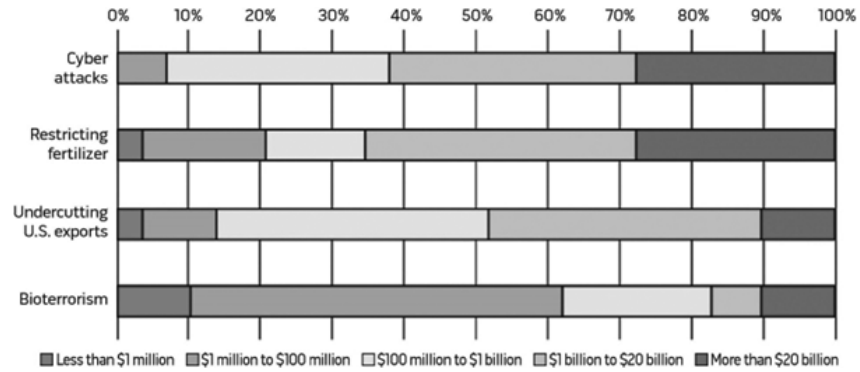
**Figure 3. Survey Results for Likelihood of Disruption Scenarios**

*Likelihood*

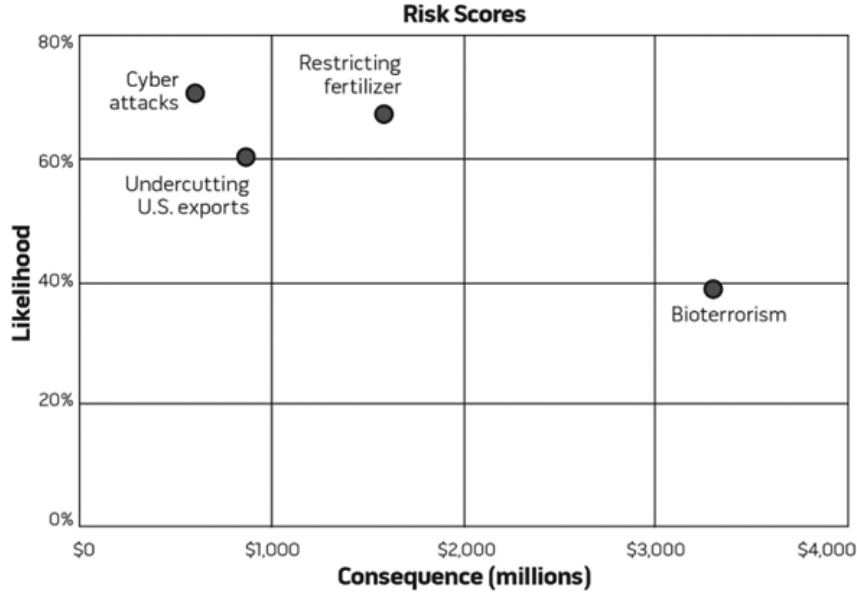


**Figure 4. Survey Results for Likelihood of Disruption Scenarios**

*Consequence*



**Figure 5. Chart of Disruption Scenario Risk Score**



**Table 4. Mean Results of Likelihood and Consequence Responses**

Scenario	Likelihood (Mean)	Consequence (Mean)
Cyber attacks	3.83	2.67
Restricting fertilizer	3.69	3.08
Undercutting U.S. exports	3.41	2.96
Bioterrorism	2.55	3.17

**Table 5. Calculated Economic Risk Cost for Each Attack Scenario**

Scenario	Likelihood	Consequence (millions)	Risk (millions)	Rank
Cyber attacks	0.71	\$600	\$424	4
Restricting fertilizer	0.67	\$1,583	\$1,065	2
Undercutting U.S. exports	0.60	\$863	\$520	3
Bioterrorism	0.39	\$3,304	\$1,282	1

*Note:* Numbers are rounded.

Further refinement of the results was conducted to ultimately generate a more robust measurement of overall risk for each scenario. To calculate an overall likelihood percentage, the sum of response percentage values (as shown in *table 2*) was divided by the total available percentage of all responses. To calculate the dollar value associated with the overall consequence score, the mean score for each scenario was assessed as a percentile within the associated dollar range (as shown in *table 3*).

To then calculate the final risk for each scenario, the calculated likelihood percentage was multiplied by the consequence dollar value to determine the overall amount of risk in terms of dollar cost, as shown in *table 5*.

Limitations in this study include those intrinsic to Likert scale surveys (for example, not able to capture all opinions, subjective results, *etc.*) and the small sample size of expert participants. Another limitation of this study is the inherent biases of the participants who come from a range of professional backgrounds related to the wheat industry. Therefore, deeper analysis is needed to provide more robust risk measurements of wheat industry disruption scenarios. Still, results from this survey

point to potential prioritization in policy considerations to address the threat of potential Russian disruption of the U.S. wheat industry.

### **Cultivating Resilience**

The United States must act to ensure resilience of domestic wheat production, storage, and transportation to mitigate the risks outlined above. First, additional research is needed to measure domestic food security risks more accurately. A Likert survey of experts like the one conducted in this study that encompasses a greater number of experts and uses finer granularity in the scales would be beneficial. A Delphi study could also serve to identify a stronger consensus of risk to the U.S. wheat industry from potential Russian action.<sup>93</sup> Beyond improving the survey, policymakers and wheat industry leaders should consider the following measures, which are listed in prioritized order to address risks from highest to lowest based on the expert survey results shared above.

**USDA: Proactively Defend Against Biological Warfare Targeting Crops by Ensuring Sufficient Genetic Diversity of American Grains.** Industrial wheat breeding has helped increase yields over the past century, but some argue that this has come at the expense of genetic diversity: “Modern breeding techniques narrowed the genetic base of germplasm used to develop varieties for cultivation.”<sup>94</sup> Genetic uniformity in modern wheat crops means greater potential vulnerability to new pathogens. Ensuring a source of genetic variation in wheat is essential for disease resistance. Landrace wheats play a vital role in doing so. Landraces are premodern grains that developed naturally over millennia while adapting to local environmental conditions. Many landraces were lost during the 20th century as farmers abandoned them in favor of modern varieties championed in the Green Revolution.<sup>95</sup> Due to their wide variety, landraces do not possess the genetic bottleneck of modern hybrid wheats.

Landraces typically produce yields lower than modern wheats, which can seemingly put them at odds with rising global food demands. Nevertheless, they serve a critical role in preserving genetic diversity to ensure American wheat crop resilience should new pathogens wreak havoc on modern varieties. It is also worth noting that landrace wheats are reported to have better yields and higher quality attributes than modern varieties “under organic and low-input farming systems.”<sup>96</sup>

Landraces can and have been preserved in seed banks, which is worthwhile, but there are limitations in preserving them this way. Landraces are heterogeneous, meaning that individual specimens of the plant’s spikes stored in banks do not necessarily possess all the genetic diversity in the landrace variety. In addition, most biologists agree that active cultivation of landraces is essential to preserve cultivation knowledge.<sup>97</sup> Given these circumstances, USDA should find ways to collaborate with American farmers and researchers to incentivize and ensure sufficient production levels of landrace wheats.

**USDA and DHS: Prepare for Adequate Response to Biological Attack Against U.S. Wheat Crops.** USDA-National Institute of Food and Agriculture and the Department of Homeland Security established the National Plant Diagnostic Network (NPDN) during growing fears of bioterrorism following 9/11 and the 2001 anthrax attacks.<sup>98</sup> The NPDN serves as a network of diagnostics laboratories across the country that help rapidly identify plant disease and pest outbreaks. Since its establishment, funding and support for the NPDN have begun to erode.<sup>99</sup> As the original sponsoring agencies, USDA and DHS should evaluate the current state of the program to make sure its capabilities are sufficiently resourced to perform adequate early monitoring and detection of a biological attack against domestic crops.

<sup>93</sup>The Delphi method is a structured technique used to achieve consensus among experts by conducting multiple rounds of questions. For further information, see Bernice B. Brown, *Delphi Process: A Methodology Used for the Elicitation of Opinions of Experts* (Santa Monica, CA: RAND, 1968), <https://www.rand.org/pubs/papers/P3925.html>.

<sup>94</sup>John Lidwell-Durnin and Adam Laphorn, “The Threat to Global Food Security From Wheat Rust: Ethical and Historical Issues in Fighting Crop Diseases and Preserving Genetic Diversity,” *Global Food Security* 26 (September 2020).

<sup>95</sup>The full extent of the landrace variety loss since the Green Revolution is unknown. For further explanation, see Maria R. Finckh, *et al.*, “Cereal Variety and Species Mixtures in Practice, With Emphasis on Disease Resistance,” *Agronomie* 20, no. 7 (November 2000), 813–837.

<sup>96</sup>Abdullah A. Jaradat, *Wheat Landraces: Genetic Resources for Sustenance and Sustainability* (Washington, D.C.: USDA Agricultural Research Service, n.d.), <https://www.ars.usda.gov/ARUserFiles/50600000/products-wheat/AAJ-Wheat%20Landraces.pdf>.

<sup>97</sup>Lidwell-Durnin and Laphorn, “The Threat to Global Food Security from Wheat Rust.”

<sup>98</sup>For more information about the National Plant Diagnostic Network, see <https://www.npdn.org/>.

<sup>99</sup>Murray, interview.

In addition to shoring up early warning capabilities, USDA should also review the agriculture industry's preparedness to respond to bioterrorism. If an outbreak of disease against U.S. wheat crops occurs, agrochemical suppliers will need to deliver treatments to limit damage. However, supply chains for pesticides can be brittle, as was the case during the COVID-19 pandemic.<sup>100</sup> Further analysis of domestic pesticide treatment inventories and supply chains would help identify what is needed to boost the resilience of U.S. farms in a worst-case scenario.

**USDA: Pursue and Encourage Alternatives to Conventional Fertilizer.** The American wheat industry's reliance on conventional fertilizer has become increasingly challenging due to rising prices, global supply disruptions, and environmental costs. Greater emphasis is needed on adopting renewable fertilizers. While multiple solutions may be required to fill the gap, transitioning American agriculture to a more sustainable and regenerative approach is key.<sup>101</sup> The Biden Administration has tried moving on this front and recently announced \$500 million in funding for boosting domestic fertilizer production that is "independent, innovative, and sustainable."<sup>102</sup> This effort is worthwhile to help transition the United States off foreign fertilizer dependence. It does not, however, preclude the need to continue transitioning to more sustainable and regenerative agriculture.

One facet of sustainable agriculture that would help provide a viable alternative to synthetic fertilizers is the greater use of cover crops. Growing the same monoculture crop in the same field for years on end, as most conventional U.S. farmers do, damages the soil microbiome as the same nutrients are depleted over time. Conventional agriculture deals with this problem by applying large amounts of synthetic fertilizer to the soil. When cover crops are added to crop rotation, the cover crop plants naturally fertilize and rejuvenate soil health. Furthermore, a growing body of scientific research shows that yields from sustainable agricultural systems are comparable to that of conventional systems.<sup>103</sup>

The downside to cover crops is the inability to grow a desired crop (for example, wheat) for that growing season, which would reduce overall American wheat output. Options exist to compensate for drops in annual grain yields that would result from the broader use of cover crops. Addressing all options is beyond the scope of this essay, but one example is choosing cover crops that can act as cash crops that produce food and simultaneously amend the soil. An example of this would be cover crop legumes, which fix nitrogen to the soil that would be available for the next season's wheat.

Funding is another limiting factor and will be necessary to incentivize American farmers to widely adopt the use of cover crops. Sustainable agriculture receives little government funding compared to industrial agriculture. The most recent farm bill (a package of legislation Congress passes every 5 years to support U.S. agriculture) provided less than seven percent of its funding for conservation practices.<sup>104</sup> USDA can increase funding for cover crop implementation by reducing farm bill spending in other areas overdue for adjustment, like conventional corn subsidies.<sup>105</sup>

**USDA: Establish a National Strategic Grain Reserve.** As previously noted, if Russia succeeded in some capacity to disrupt U.S. wheat production, resulting in domestic grain shortages, no current national wheat reserve exists to reduce the ensuing effects. Given how essential grain is to the U.S. food supply and the increasing probability of climate change's impact on global grain production, a strategic grain reserve makes sense. The need for a reserve has risen in recent times. For instance, droughts in 2012 affected corn production to such an extent that the United States had to import corn from Brazil, a surprising development for America

<sup>100</sup> Tom Polansek, "Off the Charts' Chemical Shortages Hit U.S. Farms," *Reuters*, June 27, 2022, <https://www.reuters.com/markets/commodities/off-charts-chemical-shortages-hit-us-farms-2022-06-27>.

<sup>101</sup> According to the USDA, *sustainable agriculture* is defined as practices that "are intended to protect the environment, expand the Earth's natural resource base, and maintain and improve soil fertility." For more information, see "Sustainable Agriculture," USDA, <https://www.nifa.usda.gov/topics/sustainable-agriculture>.

<sup>102</sup> "Biden-Harris Administration Makes \$500 Million Available to Increase Innovative American-Made Fertilizer Production," USDA, September 27, 2022, <https://www.usda.gov/media/press-releases/2022/09/27/biden-harris-administration-makes-500-million-available-increase>.

<sup>103</sup> For a summary of this research, see *The Fertilizer Trap: The Rising Cost of Farming's Addiction to Chemical Fertilizers* (Minneapolis: Institute for Agriculture and Trade Policy, November 8, 2022), 11, <https://www.iatp.org/the-fertiliser-trap>.

<sup>104</sup> "Farm Bill Spending," USDA, <https://www.ers.usda.gov/topics/farm-economy/farm-commodity-policy/farm-bill-spending/>.

<sup>105</sup> Tara O'Neill Hayes and Katerina Kerska, "PRIMER: Agriculture Subsidies and Their Influence on the Composition of U.S. Food Supply and Consumption," *American Action Forum*, November 3, 2021, <https://www.americanactionforum.org/research/primer-agriculture-subsidies-and-their-influence-on-the-composition-of-u-s-food-supply-and-consumption/>.

as the world's leading corn producer.<sup>106</sup> Converting any remaining funds within the Bill Emerson Humanitarian Trust into a physical grain reserve and supplementing it by redirecting funding from conventional commodity crop subsidies could provide this much-needed resilience in our national food security.



Ukrainian President Volodymyr Zelensky, right, walks with Minister of Infrastructure Oleksandr Kubrakov during visit to Chornomorsk Sea Trade Port to watch Turkish-flagged dry cargo ship *Polarnet* loaded with grain for export, July 29, 2022, in Chornomorsk, Odesa Oblast, Ukraine (Ukrainian Presidential Press Office/Ukraine Presidency/Alamy Live News).

**State and Commerce Departments: Encourage Import-Dependent Countries to Boost Domestic Food Production to Minimize Exposure to Russian Grain Trade Manipulation.** Having export markets available to American wheat not only can be lucrative for farmers and commodity traders but also can undermine efforts in those destination countries to develop greater self-sufficiency in food production. The United States will always need to produce more wheat than it consumes on average because this helps buffer against the effects of unforeseen production shortfalls regardless of the cause. It also assists trade partners in meeting their food requirements when they experience unexpected shortages or find themselves in positions where they cannot realistically become fully self-sufficient in their own food production. However, in a world where Russia is a global food power and can use inputs and commodities as weapons to win concessions, allies and partners should be encouraged to reduce their dependence on foreign food sources. Although this could reduce U.S. wheat exports in the long run, it would, more importantly, mitigate Russia's ability to exploit vulnerable countries to enhance their Great Power status.

**DHS: Harden Information and Operational Technology Networks Used for Grain Production, Storage, and Transportation.** Cyber security remains a challenge for organizations across all industries, but implications for breaches to critical infrastructure networks such as those in the grain industry are more severe and require greater attention to ensure proper security practices. For wheat industry organizations' information technology and operational technology networks, like other industries, known best practices provide the greatest defense against cyber attacks. However, many businesses fail to implement the full range of best practices due to limitations in understanding and the failure of company executives to invest appropriately in network defense.

<sup>106</sup>Howard Schneider, "In Sign of Growing Clout, Brazil's Corn Helps Hold Up U.S. Market," *Washington Post*, November 18, 2012.

Wheat industry leaders can leverage the National Institute of Standards and Technology cyber-security framework for guidance.<sup>107</sup> Taking this proactive approach to network defense will limit exposure to disruptive intrusions like the ransomware attacks that recently plagued Midwestern grain elevators.

### Conclusion

As a rival in strategic competition and as the emerging food superpower, Russia is uniquely positioned to disrupt U.S. wheat production, storage, and delivery. Moscow has already demonstrated its intentions to attack U.S. interests in adversarial competition at levels below armed conflict, and future attempts to do so could realistically involve targeting the American wheat industry. As the most important food staple in America, wheat supply degradation could have significant consequences for domestic food security and, by extension, trust in the U.S. Government. Should Russia pursue such a strategy, its tactics could range from cyber attacks on grain infrastructure to manipulating global fertilizer and wheat export markets to covert antiagriculture biowarfare.

To mitigate these threats, American policymakers should consider a range of policy options. First, further research is needed to measure risks of Russian disruption to the U.S. wheat industry. Results would more accurately prioritize policy considerations. In the meantime, prioritized policy considerations should include:

- improving biodiversity in U.S. wheat production
- ensuring sufficient resourcing for detection and response to a biological attack against U.S. crops
- enhancing sustainable agriculture to reduce dependence on imported fertilizer
- establishing a national grain reserve
- reducing global exposure to Russian grain trade manipulation
- encouraging the improved implementation of cyber security best practices throughout the wheat industry.

With an increased focus on reducing food system vulnerabilities, U.S. leaders and the world's citizens can reap a harvest of improved global security. **JFQ**

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SUBMITTED REPORT BY HON. BRAD FINSTAD, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

### Examining Farm Size & Payment Limits

Prepared for and funded by: Southwest Council of Agribusiness

Prepared by: BART L. FISCHER, JOE L. OUTLAW

October 2023

Explosive growth in productivity over the last 100 years—coupled with extraordinary innovation in mechanization—has meant that fewer and fewer people are needed to feed, clothe, and fuel our nation. Perhaps no one has captured this sentiment better than U.S. Secretary of Agriculture Tom Vilsack, when at a Congressional hearing in February 2016 he said:

*“Every one of us that is not a farmer is not a farmer because we have farmers. We delegate the responsibility of feeding our families to a relatively small percentage of this country. If you look at 85 percent of what is grown in this country, it is raised by 200,000 to 300,000 people. That is less than 1/10 of 1 percent of America.*

*“But the other 99 percent of us can be lawyers and doctors and Peace Corps volunteers and economists and people that work for government and all of the other occupations because we never think about, well, gee, do I have to actually grow the food for my family? No. I go to the grocery store and get it.*

*“So, I am free to do whatever I want to do with my life. That is an incredible freedom that we take for granted in this country. It is not true in most of the countries in this world. And then when we go to the grocery store, we walk out of it with more money in our pocket as a percentage of our paychecks than anybody else in the world.”<sup>1</sup>*

The U.S. has been on this path of fewer but larger farms since the beginning of the last century. Data from the 1920 Census indicated there were 6,448,343 farms

<sup>107</sup> For more information, see “Cybersecurity Framework,” National Institute of Standards and Technology, <https://www.nist.gov/cyberframework>.

<sup>1</sup> <https://www.govinfo.gov/content/pkg/CHRG-114hhrg20558/pdf/CHRG-114hhrg20558.pdf>.

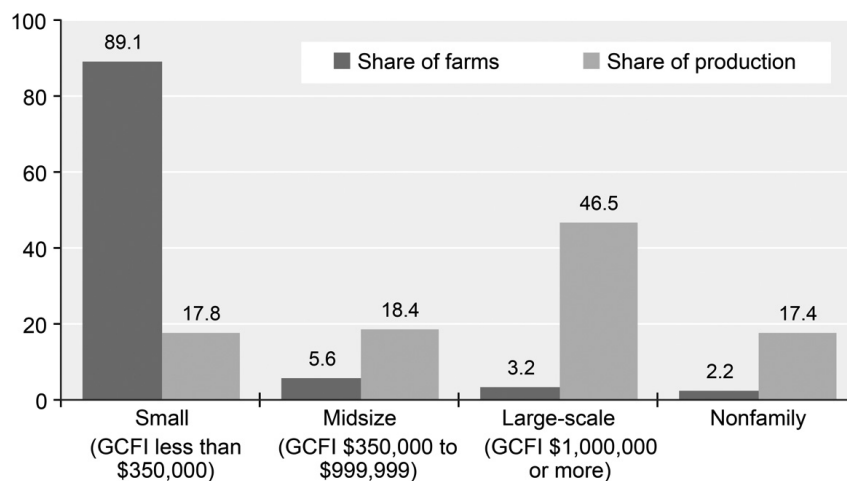
with an average farm size of 148.2 acres.<sup>2</sup> According to the 2017 Census of Agriculture, in 2017 there were 2,042,220 farms with an average farm size of 441 acres.<sup>3</sup> Not only has average farm size been growing, it is also resulting in a shift in the composition of farms. One of the pioneers in all of agricultural economics, Earl Heady, from Iowa State University, predicted this 40 years ago:

*“We are heading towards a bimodal farm distribution wherein we will have a rather large number of part-time, retirement, and similar farms where it is not chiefly size economies which tie them to the land, but the utility they realize from the set of satisfaction derived from country living and a smaller number of larger farms which dominate the nation’s food and fiber production.”*<sup>4</sup>

Heady’s observations have materialized as reflected in *Figure 1*. According to USDA’s Economic Research Service (ERS), “Most farms are small, but the majority of production is on larger farms.”<sup>5</sup> ERS also noted that small-scale operators depend on off-farm income while large-scale farms derive almost all of their income from the farm. It is important to note here that 98% of farms, irrespective of size, are family owned and operated. ERS has observed that most of the “nonfamily” enterprises operate in high-value specialty crops (*e.g.*, wine grapes) that are not impacted by Title [I] farm program payment limits (although they too are impacted by payment limits on other programs, most notably *ad hoc* disaster assistance). Moreover, many in the “small” and even “midsize” category are in fact part-time, retirement, or lifestyle farms that fundamentally do not rely upon the farm income to continue.

**Figure 1. Median income of farm households, by income source and farm type, 2021**

*Percent of U.S. farms or production*



GCFI = annual gross cash farm income before expenses.

Note: Nonfamily farms are those where the majority of the operation is not owned by an operator and their relatives. Components may not sum to 100 percent because of rounding.

Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, Agricultural Resource Management Survey. Data as of December 1, 2022.

<sup>2</sup>1920 Census of Agriculture. Accessed at [https://agcensus.library.cornell.edu/census\\_year/1920-census/](https://agcensus.library.cornell.edu/census_year/1920-census/).

<sup>3</sup>2017 Census of Agriculture. Accessed at [https://www.nass.usda.gov/Publications/AgCensus/2017/Full\\_Report/Volume\\_1,\\_Chapter\\_1\\_US/usv1.pdf](https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_1_US/usv1.pdf).

<sup>4</sup>Heady, *Discussion: Purposes and Uses of Economics of Size Studies in Economies of Size Studies*: A collection of papers presented August 3–4, 1983, at a workshop at Purdue University sponsored by NCR–113 (Farm Financial Management Committee, Farm Foundation and USDA Center for Agricultural and Rural Development).

<sup>5</sup><https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/farming-and-farm-income/>.

Heady's observations also have significant policy implications. Namely, who is the farm bill—and the farm safety net in particular—intended to benefit? In remarks during a March 16, 2023, hearing before the Senate Committee on Agriculture, Nutrition, and Forestry, Secretary Vilsack testified that “our policies have ensured an increasingly abundant food supply, growth in farm size and consolidation has put extreme economic pressure on small and medium sized farms and our rural communities . . . . We must ask ourselves: do we want a system that continues to force the big to get bigger and the small and underserved to get out or do we want a build a more innovative system?”

This statement by Secretary Vilsack appears to be a reaction to the answer to a question from a reporter by President Trump's Secretary of Agriculture, Sonny Perdue at the World Dairy Expo in Madison, Wisconsin on October 1, 2019. It was reported he said “get big or get out”, however transcripts from the event indicate the reporter used this quote in a follow-up question rather than being said by Secretary Perdue. Secretary Perdue's quote that was labeled “get big or get out” is summarized below.<sup>6</sup>

*“The 2018 Farm Bill will stem the flow of that. Now, what we see obviously, is economy of scale having happen[ed] in America, big get bigger and small go out, and that's kind of what we've seen here. It's very difficult in the economy of scale, with the capital needs, and all the environmental recommendations, and everything else today, to survive milking 40, 50, 60, or even 100 cows.”*

The United States has grappled with this small-farm *versus* large-farm debate for decades. Congress has invested a significant amount of resources in helping small, beginning, socially-disadvantaged, limited resource, and veteran producers get started in production agriculture. Congress has also significantly curtailed access to the farm safety net via means testing, actively engaged determinations, and payment limits. In this report, we delve into these topics, examining economies of size in production agriculture and exploring the implications of payment limits in particular.

#### *Economies-of-Size in Agriculture: An Economic Review*

The topic of economies-of-size in agriculture is one of the most researched areas in agricultural economics (Madden;<sup>7</sup> Shertz;<sup>8</sup> Hall and LeVeen<sup>9</sup>). In general, economies-of-size studies have attempted to discern the relationships between the size of a firm and the unit cost of a commodity (Harrington).<sup>10</sup> Anyone who studies production economics or economics in general has been trained that all cost relationships can be expressed in terms of unit cost curves of a single or composite product for various firm sizes. This is important because the long-run average cost (LRAC) curve is the envelope of the short-run average cost (SRAC) curves (*Figure 2*).

Most agricultural economists have been trained that the shape of the LRAC curve is more in line with *Figure 3*, meaning that there is a range of output where it is beneficial to a producer to increase output. There has always been the thought that the LRAC curve turns up at some level of output (seen in *Figure 3*) making it less profitable to continue to increase size.

Recent studies indicate that the LRAC cost curve may actually be L shaped which would mean that farm economics would dictate greater expansion of output does not result in lower per unit profits (Duffy;<sup>11</sup> Hallam<sup>12</sup>). It is also difficult to blame farmers for increasing the size of their operations given that productivity growth is the principal factor responsible for 80 percent of the sector's post-war growth (Pardey and Alston).<sup>13</sup>

<sup>6</sup>Heemstra (accessed at <https://drgnews.com/2019/10/09/us-ag-secretary-setting-the-record-straight-about-get-big-or-get-out-claim/>).

<sup>7</sup>Madden. *Economies of Size in Farming*. AER-107. Washington, D.C.: Economic Research Service, U.S. Department of Agriculture, 1967.

<sup>8</sup>Shertz. *Another Revolution in U.S. Farming*. USDA: AER Report #441, 1979.

<sup>9</sup>Hall and Leveen. *Farm Size and Economic Efficiency: The Case of California*. AMERICAN JOURNAL OF AGRICULTURAL ECONOMICS 60 (1978): 589-600.

<sup>10</sup>Harrington. *Purposes and Uses of Economies of Size Studies in Economies of Size Studies*: A collection of papers presented August 3-4, 1983, at a workshop at Purdue University sponsored by NCR-113 (Farm Financial Management Committee, Farm Foundation and USDA Center for Agricultural and Rural Development).

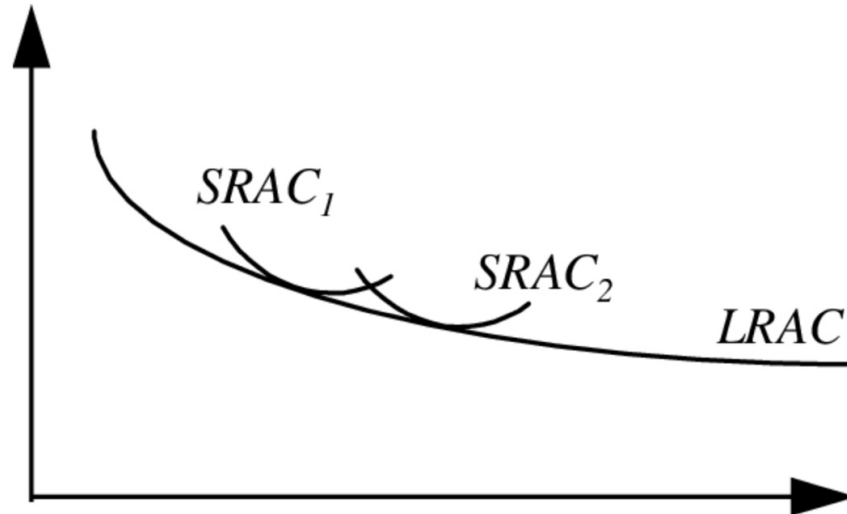
<sup>11</sup>Duffy. *Economies of Size in Production Agriculture*. JOURNAL OF HUNGER & ENVIRONMENTAL NUTRITION, 2009 July 4 (3-4): 375-392.

<sup>12</sup>Hallam. *Economies of Size and Scale in Agriculture: An Interpretive Review of Empirical Measurement*. REVIEW OF AGRICULTURAL ECONOMICS, Vol. 13, No. 1, January 1991.

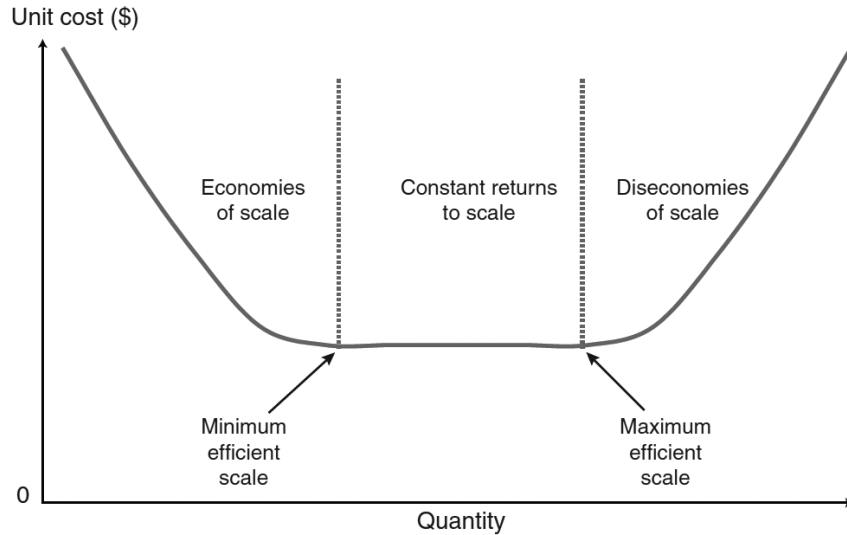
<sup>13</sup>Pardey and Alston. *Unpacking the Agricultural Black Box: The Rise and Fall of American Productivity Growth*. JOURNAL OF ECONOMIC HISTORY, Vol. 81, No. 1 (March 2021).



**Figure 2. Long-run average cost curve (LRAC) is the envelope of short-run average cost curves (SRAC)**



**Figure 3. Theoretical Shape of the Long-run Average Cost (LRAC) Curve**



In a summary by USDA-ERS economists, structural change in livestock production facilitated productivity growth, cost reduction, and increased international competitiveness, while in crops, labor-saving substitution and technical change have been important.<sup>14</sup> Nigel Key (also with USDA-ERS) found that larger farms in the Midwest are more productive than smaller farms.<sup>15</sup> In addition, he found that poli-

<sup>14</sup> MacDonald, Hoppe and Newton. *Tracking Consolidation in U.S. Agriculture* presented at Farm Size and Productivity: A Global Look. Washington DC, February 2-3, 2017 (accessed at [https://www.farmfoundation.org/wp-content/uploads/attachments/1942-Session\\_1\\_MacDonald\\_Hoppe\\_Newton.pdf](https://www.farmfoundation.org/wp-content/uploads/attachments/1942-Session_1_MacDonald_Hoppe_Newton.pdf)).

<sup>15</sup> Key. *Farm Size and Productivity Growth in the United States Corn Belt*. FOOD POLICY, 84 (2019): 186-195.

cies focused on large farms would have increased aggregate total factor productivity more than 32 times more than similar policies targeting the smallest farms. His results support the notion that it is the increase in size that has kept the U.S. in its place as a low-cost producer of corn and soybeans.

By any account, increasing efficiency and size has also facilitated enormous increases in productivity, with the benefit accruing to consumers. Perhaps it has become trite to say the U.S. food supply is the safest, most abundant, and most affordable in the world, but it is an important truth, and it is inexorably connected to the productivity of U.S. farms.

#### Economies-of-Size and Profitability

The percent of farms and land in farms gathered in the ARMS survey and published by USDA is presented in *Table 1* by sales class. Many have seen this data so often that we are numb to the implications of what the economic sales class means. This means that farms that sell between \$1,000 and \$9,999 represent 51 percent of all farms and work a little more than nine percent of the land. What gets lost in this is that sales class is a very different thing from farm profit.

**Table 1. Percent of Farms and Land in Farms Along with Average Farm Size by Economic Sales Class, U.S., 2021.**

	Number of Farms (%)	Land in Farms (%)	Average Farm Size (Acres)
\$1,000–\$9,999	51.0	9.3	81
\$10,000–\$99,999	30.5	20.8	304
\$100,000–\$249,999	6.7	14.7	973
\$250,000–\$499,999	4.4	14.3	1,448
\$500,000–\$999,999	3.5	15.4	1,942
\$1,000,000 or more	3.9	25.5	2,920
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>445</b>

Source: Farms and Land in Farms 2021 Summary (February 2022) USDA, National Agricultural Statistics Service (accessed at [https://www.nass.usda.gov/Publications/Todays\\_Reports/reports/fnlo0222.pdf](https://www.nass.usda.gov/Publications/Todays_Reports/reports/fnlo0222.pdf)).

The actual profit margin (what is left after expenses are paid) in U.S. agriculture varies by crop, year, and farm. As noted by Langemeier, the profit margin for Western Indiana corn growers averaged 6% over the 2015–19 period and was projected to be 3.6% and 3.4%, respectively for 2020 and 2021.<sup>16</sup> Even if you assume a more optimistic 10% profit margin on \$100,000 annual gross sales for a farm, that only leaves \$10,000 profit for the farm in a year.

*Table 2* takes the data from *Table 1* and multiplies the economic sales classes by 10% to translate into a proxy for farm profits. While each individual has their own level of income they would need to live on from farming, it is quite apparent that you have to get close to \$500,000 in sales to return a profit level that would be in the area of what most would call a living wage (or \$50,000). While this example would yield a living wage (by this definition), that is far from the full story. To be clear, we are talking about a scenario where \$500,000 is being put at risk—and crop production is a very risky enterprise—in hopes of earning \$50,000.

It should be clear that those “farmers” operating with receipts that are not capable of sustaining their families rely upon outside sources for income. In most cases, these are people who are living their best life as described by Earl Heady above. Why does it matter? It doesn’t as long as policies are not designed to reward those living a lifestyle while hurting those actually trying to earn a living from agriculture.

<sup>16</sup>Langemeier (accessed at <https://ag.purdue.edu/commercialag/home/sub-articles/2020/09/measuring-farm-profitability/>).

**Table 2. Percent of Farms and Land in Farms Along with Average Farm Size by Farm Profitability, U.S., 2021**

	Number of Farms (%)	Land in Farms (%)	Average Farm Size (Acres)
\$100–\$999	51.0	9.3	81
\$1,000–\$9,999	30.5	20.8	304
\$10,000–\$24,999	6.7	14.7	973
\$25,000–\$49,999	4.4	14.3	1,448
\$50,000–\$99,999	3.5	15.4	1,942
\$100,000 or more	3.9	25.5	2,920
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>445</b>

Source: Farms and Land in Farms 2021 Summary (February 2022) USDA, National Agricultural Statistics Service (accessed at [https://www.nass.usda.gov/Publications/Todays\\_Reports/reports/fnlo0222.pdf](https://www.nass.usda.gov/Publications/Todays_Reports/reports/fnlo0222.pdf)).

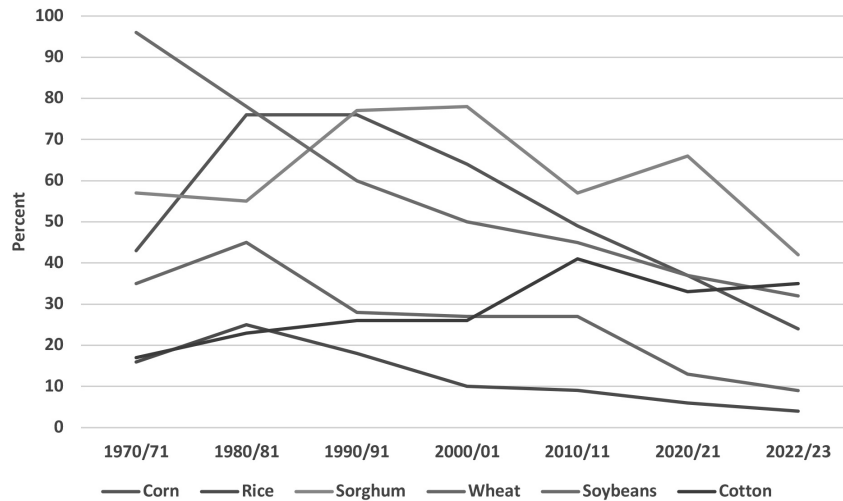
**Economies-of-Size and Terms of Trade**

There is another facet to economies-of-size that needs to be considered in this discussion. When producers of a commodity are known as the low-cost producer, this generally goes hand-in-hand with having taken advantage of economies-of-size to lower production costs. Economies-of-size can affect international competitiveness and changes in terms of trade (Hallam).<sup>17</sup>

Even though farmers in the U.S. have been consolidating and increasing the size and scale of operations, the share of exports for many commodities has been declining as countries around the world increase the size and scale of their operations in order to compete with U.S. farmers. *Figure 4* shows how the U.S. share of world trade has declined over the past 50 years. Even with a tremendous boost in productivity in the U.S., the share of world exports has declined for most of the major crops.

So what? Think of what would have happened if the United States hadn't been consolidating and becoming more competitive on the LRAC cost curve. The results would be considerably worse, both for American producers (in terms of market share) and for consumers world-wide.

**Figure 4. U.S. Share of World Trade by Major Commodity, 1979/71 to 2022/23**

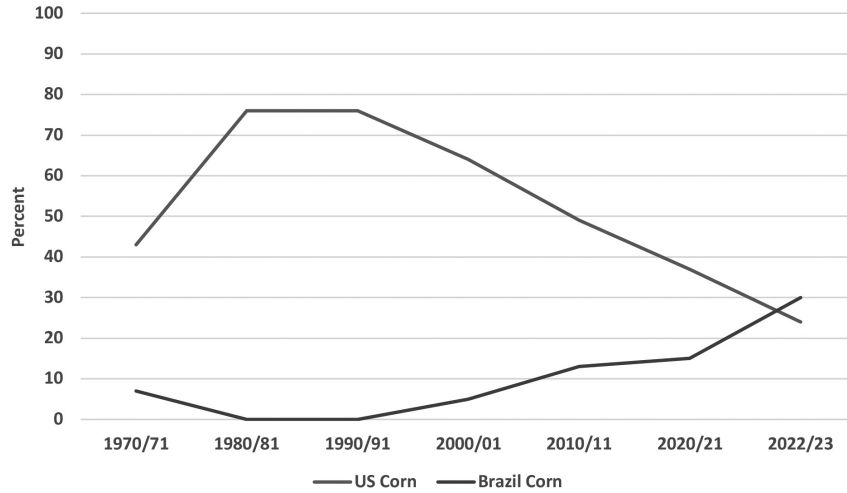


<sup>17</sup>Hallam. *Economies of Size and Scale in Agriculture: An Interpretive Review of Empirical Measurement*. REVIEW OF AGRICULTURAL ECONOMICS, Vol. 13, No. 1, January 1991.

Source: Data was obtained from USDA–FAS, Production, Supply and Distribution PS&D online database (accessed at <https://apps.fas.usda.gov/psdonline/app/index.html> - /app/advQuery).

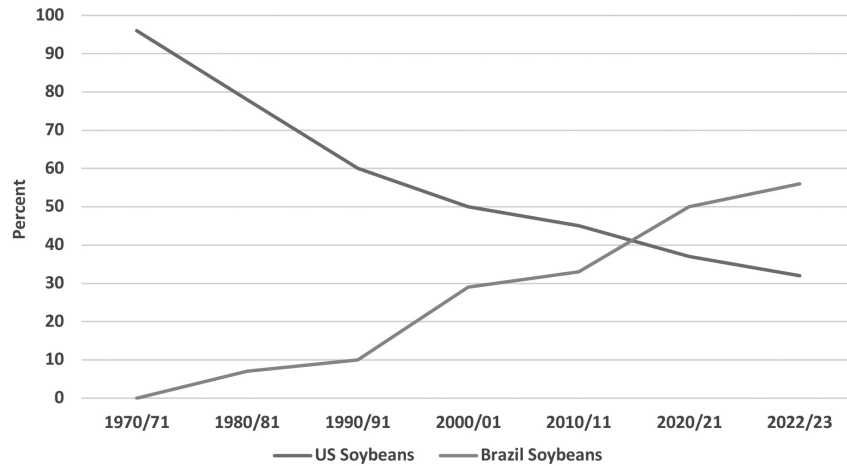
Consider the loss in share relative to Brazil’s increase in trade shares for corn and soybeans (Figures 5 and 6). Brazil currently exports more corn and soybeans than the United States; however, this is a new phenomenon in corn while Brazil’s trade share surpassed the U.S. for soybeans somewhere around 2015. There are plenty of economic and policy reasons why this has occurred, including their relatively small domestic use of corn and soybeans, but one additional thing to consider is the relative size of operations in Brazil (and the relationship between size and cost competitiveness). Figure 7 provides a comparison of the percentage of farms by size in each of the countries. More research is needed here; however, it is interesting and noteworthy that in Brazil nearly 50 percent of their operations are over 1,000 acres, while in the United States 50 percent of the operations are below 100 acres.

**Figure 5. U.S. and Brazil Corn Export Shares**



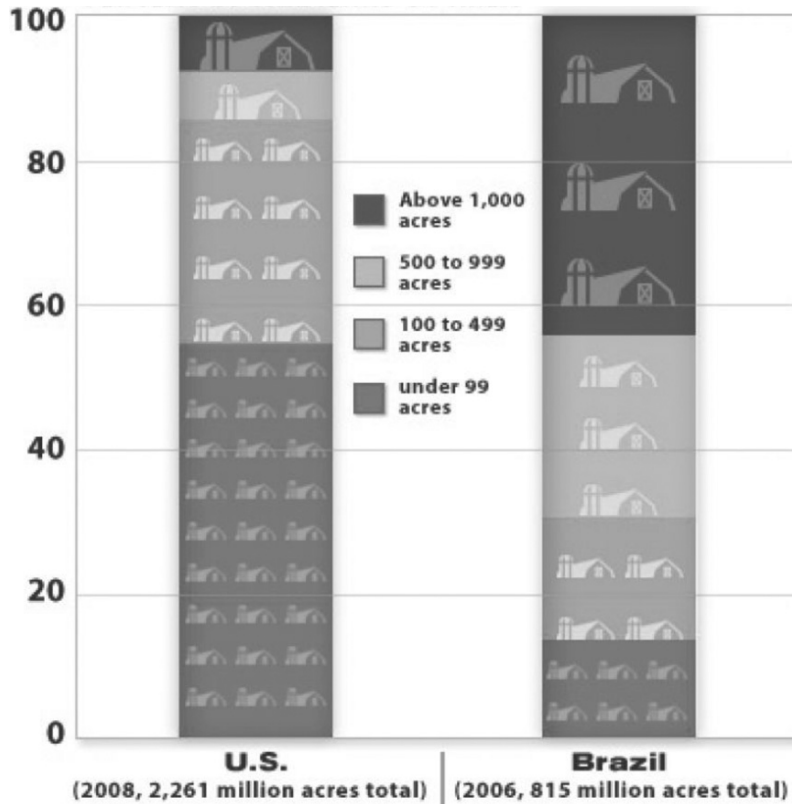
Source: Data was obtained from USDA–FAS, Production, Supply and Distribution PS&D online database (accessed at <https://apps.fas.usda.gov/psdonline/app/index.html> - /app/advQuery).

**Figure 6. U.S. and Brazil Soybean Export Shares**



Source: Data was obtained from USDA–FAS, Production, Supply and Distribution PS&D online database (accessed at <https://apps.fas.usda.gov/psdonline/app/index.html> - /app/advQuery).

**Figure 7. Share of U.S. and Brazilian Farms by Size**



Source: STRATFOR. Accessed at <https://worldview.strakor.com/article/us-brazil-farm-size-comparison>.

*Policy Considerations*

The farm safety net—including the permanent disaster programs—are all based on per-unit or per-acre payment rates that scale with the size of losses. This makes sense given that mitigating risk is the underlying purpose of these programs. While payments are calculated based on the magnitude of the loss, payment limits are then applied as a final step before USDA issues payments. Importantly, payment limits do **not** entitle a producer to a payment of that magnitude; rather, it simply limits the amount of losses for which the producer can receive assistance—meaning that any losses exceeding the payment limit are borne entirely by the producer.

*History of Payment Limits*

Payment limits first appeared in the 1938 Farm Bill, limiting producers to \$10,000 per person per year. Modern-day payment limits trace their roots to the 1970 Farm Bill, which implemented a \$55,000 payment limit for *each* of the annual programs for wheat, feed grains, and cotton in crop years 1971, 1972, and 1973—for an effective payment limit of \$165,000 if producers grew all three crops. The 2018 Farm Bill imposes a limit of \$125,000 per person or legal entity (with the exception of joint ventures and general partnerships) for ARC and PLC. Several other programs are also subject to payment limits as noted in *Table 3*.

**Table 3. Summary of USDA Program Payment Limits**

Program Payment Type	Per person or Legal Entity (or producer for TAP) Per Year Limitation Amount 2019 Through 2023
<b>Commodity Programs</b>	
Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC)—other than peanuts	<sup>1</sup> \$125,000
Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC)—peanuts	<sup>1</sup> \$125,000
<b>Conservation Programs</b>	
Conservation Reserve Program (CRP)—annual rental payment and incentive payment	\$50,000
Emergency Conservation Program (ECP)—per disaster event	<sup>2</sup> \$500,000
Emergency Forest Restoration Program (EFRP)—per disaster event	\$500,000
Conservation Stewardship Program (CSP)	\$200,000
Environmental Quality Incentives Program (EQIP)	\$450,000
Agricultural Management Assistance (AMA)	\$50,000
<b>Disaster Assistance Programs</b>	
Livestock Forage Disaster Program (LFP)	<sup>4</sup> \$125,000
Noninsured Crop Disaster Assistance Program (NAP)	<sup>3</sup> \$125,000/\$300,000
Tree Assistance Program (TAP)	<sup>5</sup> 1,000 acres

<sup>1</sup> Decouples the combined \$125,000 payment limit for PLC, ARC, from Loan Deficiency Program (LDP) and Market Loan Gain (MLG) for covered commodities and peanuts. Beginning with crop year 2019, LDP's and MLG's are no longer subject to Payment Limitation or Payment Eligibility provisions, including "actively engaged in farming" and "cash-rent tenant" provisions for covered commodities and peanuts. ARC and PLC payment are subject to a combined annual limitation of \$125,000.]

<sup>2</sup> ECP payment limitation is increased from \$200,000 per disaster event to \$500,000 per disaster event.]

<sup>3</sup> A separate maximum payment limitation is provided of \$125,000 on NAP payments for losses to crops with catastrophic coverage and a \$300,000 maximum payment limitation on NAP payments for losses to crops with buy-up coverage.]

<sup>4</sup> The \$125,000 payment limitation applicable to Emergency Assistance for Livestock, Honey Bees, and Farm Raised Fish Program (ELAP) was removed in 2019. The \$125,000 payment limitation applicable to Livestock Indemnity Program (LIP) was removed in 2017.]

<sup>5</sup> TAP no longer has a dollar limitation; however, there is a per program year acreage limitation of 1,000 acres.]

Source: <https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/payment-eligibility-limitations-factsheet.pdf>.

**Editor's note:** the table, as embedded in the submitted document, omitted the table notes. The table notes have been included herein from the linked fact sheet.

While payment limits have historically been focused on Title [I], the 1981 Farm Bill added a \$100,000 limit for disaster payments for wheat, feed grains, upland cotton, and rice for each of the 1982 through 1985 crop years. More recently, the 2014 Farm Bill established permanent baseline for several disaster programs, including the Livestock Forage Program (LFP), the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP), the Livestock Indemnity Program (LIP), and the Tree Assistance Program (TAP). While all of these were initially payment limited in some form, following successive natural disasters, Congress has chosen to relax the payment limitations for these programs, as reflected in *Table 4*.

**Table 4. Recent Payment Limit Changes for Disaster Programs**

Disaster Programs	2014 Farm Bill	Bipartisan Budget Act of 2018	2018 Farm Bill
Livestock Forage Program (LFP) Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) Livestock Indemnity Program (LIP)	Combined \$125,000 payment limitation; total annual cap of \$20 million on ELAP spending	Combined \$125,000 limitation; no cap on ELAP spending No payment limitation	\$125,000 limitation No payment limitation; no cap on ELAP spending No payment limitation
Tree Assistance Program (TAP)	Separate \$125,000 payment limitation; maximum of 500 acres	No payment limitation; maximum of 1,000 acres	No payment limitation; maximum of 1,000 acres

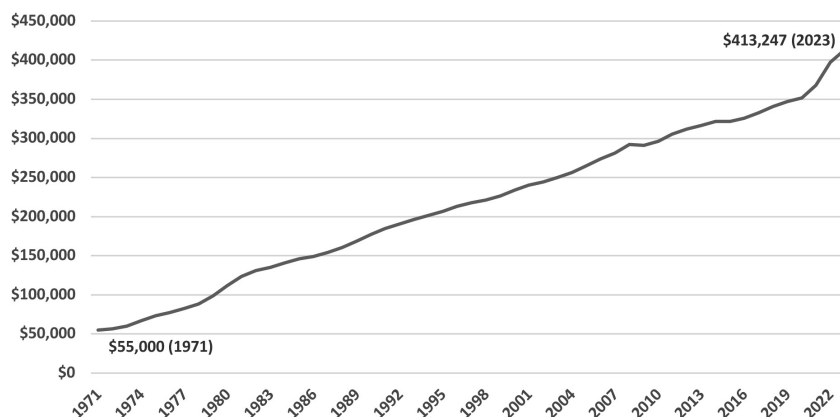
Source: author compilation.

Payment Limits in Context

**Have payment limits kept up with inflation?**

As noted above, modern-day payment limits trace their roots to the 1970 Farm Bill with a \$55,000 payment limit for each of the annual programs for wheat, feed grains, and cotton in crop years 1971, 1972, and 1973. *Figure 8* illustrates the magnitude of that payment limit (\$55,000 for a single program/crop) were it in place today and indexed for inflation. In fact, that \$55,000 payment limit would be \$413,247 today, more than three times larger than the current *combined* payment limit of \$125,000 per person or legal entity applying to all covered commodities eligible for ARC and PLC. If the limits from the 1970 Farm Bill were combined for a producer growing all three crops (*i.e.*, \$165,000), the payment limit today would be just over \$1.2 million. Again, this doesn't mean a producer is entitled to a payment of \$1.2 million; it simply means that any losses up to \$1.2 million could be covered. Instead, under current law, any losses beyond \$125,000 are borne entirely by the producer.

**Figure 8. Initial 1970 Farm Bill Payment Limit (\$55,000) Indexed for Inflation**



#### **Aren't payment limits good for small farms?**

While we've long heard arguments that payment limits help smaller producers, evidence of that actually being the case is harder to come by. Instead, payment limits tend to simply limit support available for larger producers. There are certainly exceptions. In the case of *ad hoc* assistance that is provided as a finite amount of funding allocated to USDA—for example, the funding provided for implementing the Emergency Relief Program—the payment limit could funnel more support to smaller producers by leaving larger full-time producers to face more exposure on their own. But, importantly, in the farm bill debate, these arguments that payment limits help small producers really hold very little water. We examined CBO scores for the last several farm bills and see virtually no case where the imposition of payment limits freed up significant additional funding for programmatic improvements for smaller farms.

#### **With means testing and actively engaged requirements, what purpose does the payment limit serve?**

USDA dedicates 558 pages in its “short reference” to explaining eligibility rules and limitations. Importantly, producers must qualify as actively engaged in farming to be eligible for assistance, including (1) making a significant contribution to the farming operation of capital, equipment, or land, or a combination thereof; (2) making a significant contribution to the farming operation of active personal labor, active personal management, or a combination thereof; (3) sharing in the profits or losses from the farming operation at a level that is commensurate with the person or entity's contributions to the operation; and (4) their contributions to the farming operation must be at risk for loss, with the level of risk commensurate with the person or entity's claimed share of the farming operation. Beyond that, producers must also certify that their 3 year average Adjusted Gross Income (AGI) is less than \$900,000 to be eligible for programs like ARC and PLC. With these provisions in place, what purpose does the payment limit serve? Beyond that, in light of the focus on risk management, this question becomes even more acute. On the one hand, Congress is providing tools to help producers mitigate risk; on the other, they are com-

pletely undermining those tools with payment limits that become even more binding as the losses mount, a topic we explore in detail in the following section.

*Effectiveness of Payment Limits*

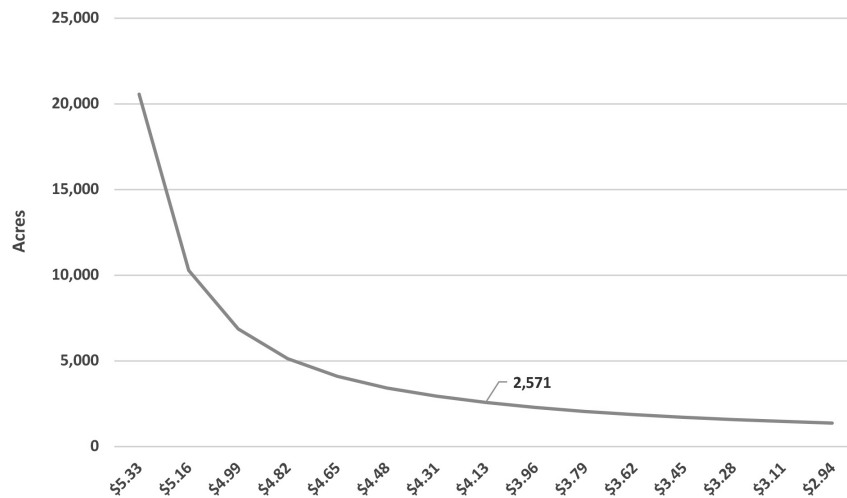
In the 2014 Farm Bill, Congress abandoned the Direct Payment program, which made decoupled payments to producers regardless of market conditions. Unfortunately, this shift in policy focus to the provision of risk management tools did not come with a corresponding discussion on the appropriate role of payment limitations. For example, if producers only receive assistance when they face market losses, does it make sense to apply a payment limit that completely undermines the efficacy of the programs themselves (especially in light of all of the other requirements that a producer must meet to be eligible in the first place).

In fact, the payment limit is a regressive policy tool. As the loss grows deeper, the payment limit results in a smaller and smaller share of the loss being indemnified, as illustrated in *Figures 9 through 11* and *Tables 5 through 7* for wheat, corn, and cotton, respectively. For example, in *Figure 9*, if the marketing year average price for wheat is \$5.33/bu (or 3% below the \$5.50/bu Reference Price for wheat) and assuming a 41.5 bu/ac yield (equal to the national average PLC yield) along with an 85% payment factor, the \$125,000 payment limit would allow for a full payment on over 20,000 acres. What if the loss is deeper—say a marketing year average price of \$4.13/bu (or half-way between the Reference Price and Loan Rate for wheat)? In that case, a producer would be limited to support on just 2,571 acres.

This is illustrated even more clearly in *Table 5*. If the average wheat price for the marketing year fell to \$2.94/bu (equal to the Loan Rate), the payment limit would have the effect of reducing support by 91% compared to what producers would have otherwise received on a 15,000 acre operation. But, that only impacts large farms right? Well, in fact, a fairly small- to standard-sized wheat operation of 3,000 acres would see their support reduced by more than 50% due to the payment limit. So, the idea that the payment limit protects smaller- or mid-sized operations just doesn't add up. To add insult to injury, the payment limit is most binding when the support is most needed.

As noted in *Figure 12* and *Table 8*, this dynamic is even more pronounced for ARC. Using corn as an example, we assume a county average yield of 180 bu/ac and project the crop year 2025 benchmark average price using the latest WASDE price forecast. At a marketing year average price of \$3.64/bu (which would barely trigger a payment under PLC), a 3,000 acre corn farm enrolled in ARC would be limited to support on just 890 acres. The payment limit would have the effect of reducing support by 70% compared to what producers would have otherwise received in that scenario.

**Figure 9. Wheat Acres Receiving Full PLC Payment by Marketing Year Average Price**

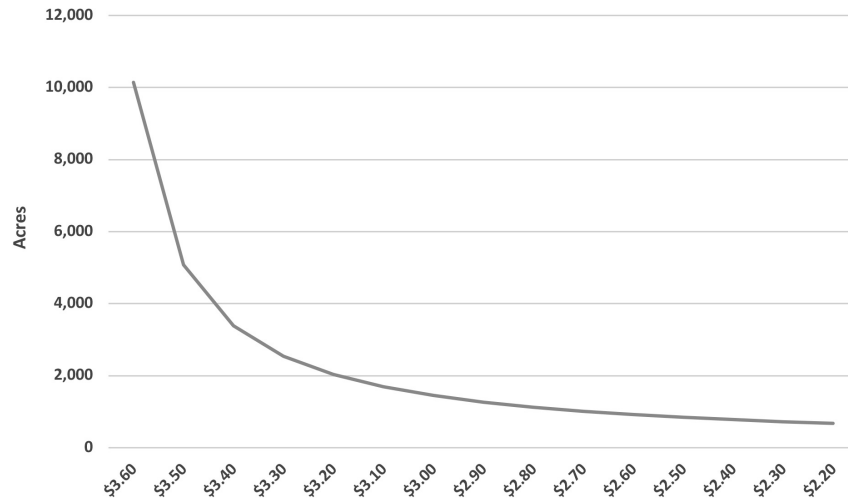




**Table 5. Reduction in PLC Payments for Wheat due to Imposition of \$125,000 Payment Limit**

	1,500	3,000	4,500	6,000	7,500	9,000	10,500	12,000	13,500	15,000
\$5.33	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
\$5.16	0%	0%	0%	0%	0%	0%	-2%	-14%	-24%	-31%
\$4.99	0%	0%	0%	0%	-9%	-24%	-35%	-43%	-49%	-54%
\$4.82	0%	0%	0%	-14%	-31%	-43%	-51%	-57%	-62%	-66%
\$4.65	0%	0%	-9%	-31%	-45%	-54%	-61%	-66%	-70%	-73%
\$4.48	0%	0%	-24%	-43%	-54%	-62%	-67%	-71%	-75%	-77%
\$4.31	0%	-2%	-35%	-51%	-61%	-67%	-72%	-76%	-78%	-80%
\$4.13	0%	-14%	-43%	-57%	-66%	-71%	-76%	-79%	-81%	-83%
\$3.96	0%	-24%	-49%	-62%	-70%	-75%	-78%	-81%	-83%	-85%
\$3.79	0%	-31%	-54%	-66%	-73%	-77%	-80%	-83%	-85%	-86%
\$3.62	0%	-38%	-58%	-69%	-75%	-79%	-82%	-84%	-86%	-88%
\$3.45	0%	-43%	-62%	-71%	-77%	-81%	-84%	-86%	-87%	-89%
\$3.28	0%	-47%	-65%	-74%	-79%	-82%	-85%	-87%	-88%	-89%
\$3.11	-2%	-51%	-67%	-76%	-80%	-84%	-86%	-88%	-89%	-90%
\$2.94	-9%	-54%	-70%	-77%	-82%	-85%	-87%	-89%	-90%	-91%

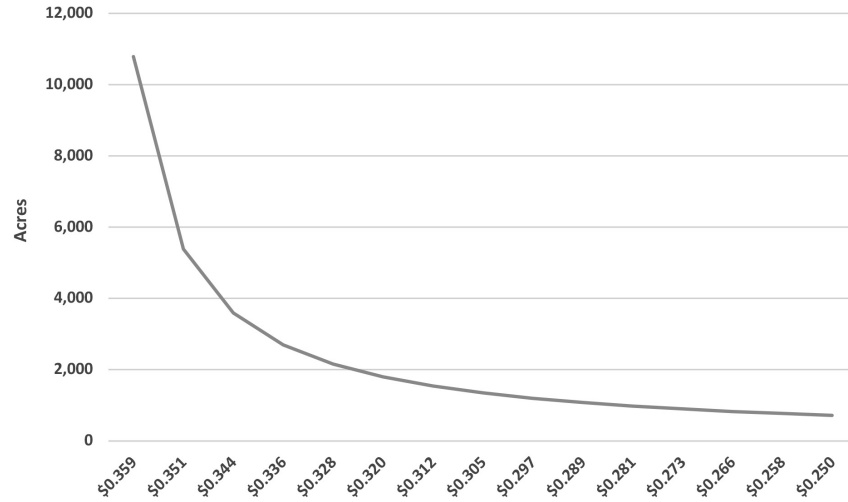
**Figure 10. Corn Acres Receiving Full PLC Payment by Marketing Year Average Price**



**Table 6. Reduction in PLC Payments for Corn due to Imposition of \$125,000 Payment Limit**

	1,500	3,000	4,500	6,000	7,500	9,000	10,500	12,000	13,500	15,000
\$3.60	0%	0%	0%	0%	0%	0%	-3%	-15%	-25%	-32%
\$3.50	0%	0%	0%	-15%	-32%	-44%	-52%	-58%	-62%	-66%
\$3.40	0%	0%	-25%	-44%	-55%	-62%	-68%	-72%	-75%	-77%
\$3.30	0%	-15%	-44%	-58%	-66%	-72%	-76%	-79%	-81%	-83%
\$3.20	0%	-32%	-55%	-66%	-73%	-77%	-81%	-83%	-85%	-86%
\$3.10	0%	-44%	-62%	-72%	-77%	-81%	-84%	-86%	-87%	-89%
\$3.00	-3%	-52%	-68%	-76%	-81%	-84%	-86%	-88%	-89%	-90%
\$2.90	-15%	-58%	-72%	-79%	-83%	-86%	-88%	-89%	-91%	-92%
\$2.80	-25%	-62%	-75%	-81%	-85%	-87%	-89%	-91%	-92%	-92%
\$2.70	-32%	-66%	-77%	-83%	-86%	-89%	-90%	-92%	-92%	-93%
\$2.60	-39%	-69%	-80%	-85%	-88%	-90%	-91%	-92%	-93%	-94%
\$2.50	-44%	-72%	-81%	-86%	-89%	-91%	-92%	-93%	-94%	-94%
\$2.40	-48%	-74%	-83%	-87%	-90%	-91%	-93%	-93%	-94%	-95%
\$2.30	-52%	-76%	-84%	-88%	-90%	-92%	-93%	-94%	-95%	-95%
\$2.20	-55%	-77%	-85%	-89%	-91%	-92%	-94%	-94%	-95%	-95%

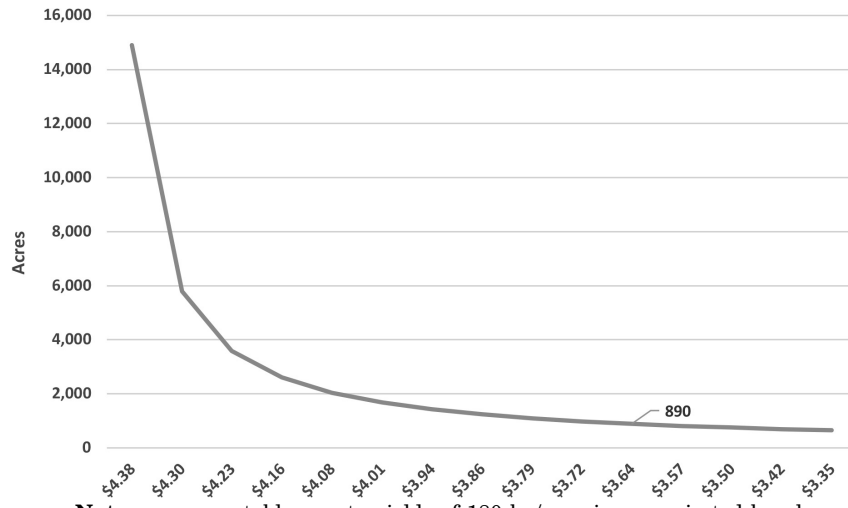
**Figure 11. Cotton Acres Receiving Full PLC Payment by Marketing Year Average Price**



**Table 7. Reduction in PLC Payments for Cotton due to Imposition of \$125,000 Payment Limit**

	1,500	3,000	4,500	6,000	7,500	9,000	10,500	12,000	13,500	15,000
\$0.36	0%	0%	0%	0%	0%	0%	0%	-10%	-20%	-28%
\$0.35	0%	0%	0%	-10%	-28%	-40%	-49%	-55%	-60%	-64%
\$0.34	0%	0%	-20%	-40%	-52%	-60%	-66%	-70%	-73%	-76%
\$0.34	0%	-10%	-40%	-55%	-64%	-70%	-74%	-78%	-80%	-82%
\$0.33	0%	-28%	-52%	-64%	-71%	-76%	-79%	-82%	-84%	-86%
\$0.32	0%	-40%	-60%	-70%	-76%	-80%	-83%	-85%	-87%	-88%
\$0.31	0%	-49%	-66%	-74%	-79%	-83%	-85%	-87%	-89%	-90%
\$0.30	-10%	-55%	-70%	-78%	-82%	-85%	-87%	-89%	-90%	-91%
\$0.30	-20%	-60%	-73%	-80%	-84%	-87%	-89%	-90%	-91%	-92%
\$0.29	-28%	-64%	-76%	-82%	-86%	-88%	-90%	-91%	-92%	-93%
\$0.28	-35%	-67%	-78%	-84%	-87%	-89%	-91%	-92%	-93%	-93%
\$0.27	-40%	-70%	-80%	-85%	-88%	-90%	-91%	-93%	-93%	-94%
\$0.27	-45%	-72%	-82%	-86%	-89%	-91%	-92%	-93%	-94%	-94%
\$0.26	-49%	-74%	-83%	-87%	-90%	-91%	-93%	-94%	-94%	-95%
\$0.25	-52%	-76%	-84%	-88%	-90%	-92%	-93%	-94%	-95%	-95%

**Figure 12. Corn Acres Receiving Full ARC Payment by Marketing Year Average Price**



**Note:** assumes stable county yields of 180 bu/ac using a projected benchmark price for crop year 2025.

**Table 8. Reduction in ARC Payments for Corn due to Imposition of \$125,000 Payment Limit**

	1,500	3,000	4,500	6,000	7,500	9,000	10,500	12,000	13,500	15,000
<b>\$4.38</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	-1%
<b>\$4.30</b>	0%	0%	0%	-3%	-23%	-36%	-45%	-52%	-57%	-61%
<b>\$4.23</b>	0%	0%	-20%	-40%	-52%	-60%	-66%	-70%	-73%	-76%
<b>\$4.16</b>	0%	-13%	-42%	-57%	-65%	-71%	-75%	-78%	-81%	-83%
<b>\$4.08</b>	0%	-32%	-55%	-66%	-73%	-77%	-81%	-83%	-85%	-86%
<b>\$4.01</b>	0%	-44%	-63%	-72%	-78%	-81%	-84%	-86%	-88%	-89%
<b>\$3.94</b>	-5%	-52%	-68%	-76%	-81%	-84%	-86%	-88%	-89%	-90%
<b>\$3.86</b>	-17%	-59%	-72%	-79%	-83%	-86%	-88%	-90%	-91%	-92%
<b>\$3.79</b>	-27%	-63%	-76%	-82%	-85%	-88%	-90%	-91%	-92%	-93%
<b>\$3.72</b>	-34%	-67%	-78%	-84%	-87%	-89%	-91%	-92%	-93%	-93%
<b>\$3.64</b>	-41%	-70%	-80%	-85%	-88%	-90%	-92%	-93%	-93%	-94%
<b>\$3.57</b>	-46%	-73%	-82%	-86%	-89%	-91%	-92%	-93%	-94%	-95%
<b>\$3.50</b>	-50%	-75%	-83%	-88%	-90%	-92%	-93%	-94%	-94%	-95%
<b>\$3.42</b>	-54%	-77%	-85%	-88%	-91%	-92%	-93%	-94%	-95%	-95%
<b>\$3.35</b>	-56%	-78%	-85%	-89%	-91%	-93%	-94%	-95%	-95%	-96%

*Payment Limit Considerations in the Next Farm Bill*

- **Given other checks and balances, are payment limits even needed?** Arguably, if the objective is ensuring that assistance is **not** provided to those who are not actively engaged (or at risk) in farming or to those who are high-income individuals, the United States already has tools in place to prevent those individuals from qualifying—namely very robust means testing and actively engaged determinations. To that end, it's reasonable to argue that the payment limits make no sense at all, particularly if the point of the farm safety net is to make risk management tools available to producers who are not otherwise disqualified.
- **Absent common-sense improvements to payment limits, the need for *ad hoc* assistance will continue.** It seems counterintuitive to limit the assistance available via ARC or PLC only for Congress to have to step in with *ad hoc* assistance. If a goal of the next farm bill is to obviate the need for *ad hoc* assistance, then expanding payment limits to fit the reality of production in 2023 is warranted. Either the farm safety net is designed to work for all growers or pressure will remain to provide *ad hoc* assistance (subject to separate payment limits, as has been the case for the last several years). If policymakers want to avoid *ad hoc* assistance, then safety net payments need to be proportional to loss.
- **Assistance in the farm safety net is already proportional to losses.** Long gone are the days where farmers get money simply for being farmers. The safety net is now designed to provide assistance only in times of loss when market returns are below historic norms. As we've noted above, the payment limit significantly impacts on the efficacy of this safety net because of its regressive effect. There is a wisdom in letting payment size scale with losses.
- **Payment limits should be adjusted to reflect inflation and the long-run costs of farming.** In the 1970s when the \$165,000 payment limits were first introduced, a new cotton stripper or grain harvester would have cost less than \$50,000. Today, when the combined limit is \$125,000, such machines cost close to \$1 million. For family businesses committed to farming, the margins are incredibly thin considering the risks involved. In some regions, the margins are thinner and the risks are greater, meaning farms have grown larger to lower their average costs and remain competitive. While a pure inflation index is unlikely, the limits should be adjusted given this reality.
- **If payment limits remain, some common-sense improvements are needed.** While we think a conversation about eliminating payment limits is warranted, we are under no illusion that is politically feasible. With that said, recent disaster packages have provided a roadmap for additional common-sense improvements to payment limits in Title [I] of the next farm bill. For example,

flexibility with the permanent disaster programs was highlighted in *Table 4*. In addition, the Wildfire and Hurricane Indemnity Program Plus (WHIP+) imposed a payment limitation of \$125,000 per person or legal entity for all 3 crop years (2018, 2019 and 2020) but doubled the limit to \$250,000 for each of the crop years (with an overall limit of \$500,000 for all 3 crop years) if 75% of income was derived from farming, ranching, or forestry.<sup>18</sup> WHIP+ borrowed the 75% waiver concept from a provision in the 2002 Farm Bill whereby a producer was exempt from the AGI means test if more than 75% of their income came from farming, ranching, or forestry. In addition, the Coronavirus Food Assistance Program (CFAP) applied the 75% waiver to an AGI means test of \$900,000 and imposed a payment limit of \$250,000 which they allowed to expand up to \$750,000 depending on the number of individuals involved in the entity and their contribution of active personal management and active personal labor.<sup>19</sup>

SUBMITTED PRESS RELEASE BY HON. JOHN W. ROSE, A REPRESENTATIVE IN  
CONGRESS FROM TENNESSEE



[<https://www.justice.gov/usao-sdms/pr/three-sentenced-federal-court-conspiring-steal-usda-mortgaged-houses>]

**Press Release**

**Three Sentenced to Prison for Conspiring to Steal USDA-Mortgaged Houses**

Wednesday, December 20, 2023

For Immediate Release

U.S. Attorney's Office, Southern District of Mississippi

**Natchez, Miss.**—Three individuals were sentenced for their respective roles in a scheme to steal houses from the United States Department of Agriculture.

Barry Martin, 47, of Georgia was sentenced to 46 months in prison; Fiesta Kagler, 59, of Georgia, was sentenced to 46 months in prison; and Ella Martin, 69, of Jayess, Mississippi, a former USDA employee, was sentenced to 35 months in prison.

According to court documents, the defendants conspired to identify and steal USDA-mortgaged properties. The targeted properties were mortgaged through the Brookhaven office of USDA Rural Development, an agency which helps rural residents buy or rent safe, affordable housing, especially low and very low income individuals. As an employee of that office, Ella Martin had access to a list of abandoned, foreclosed, nearly-foreclosed, or similarly distressed USDA-mortgaged properties and would create fraudulent warranty deeds designed to convey ownership of those properties to her co-conspirators and others. The fraudulent deeds included forged signatures from former homeowners, including at least one deceased individual. The fraudulent deeds were then filed in Chancery Courts around Mississippi with the intent to deprive the actual owners of the use and benefit of the properties and to deprive the United States Government of the actual value of the properties.

All three defendants will be required to pay restitution, which will be determined at a separate hearing.

U.S. Attorney Todd W. Gee and Special Agent in Charge Dax Roberson of the USDA Office of the Inspector General (OIG) made the announcement.

The USDA OIG and the Federal Bureau of Investigation investigated the case. Assistant U.S. Attorney Kimberly T. Purdie prosecuted the case.

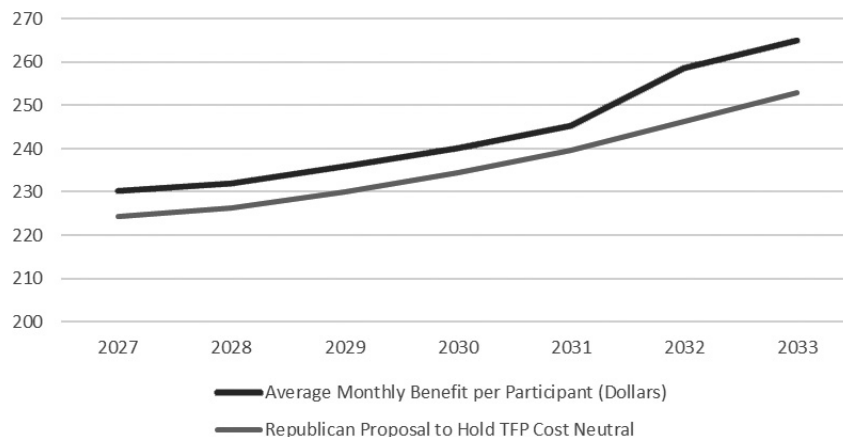
*Updated December 20, 2023.*

<sup>18</sup> [https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2019/wildfire-and-hurricane-indemnity-program-plus\\_whip\\_august\\_2020.pdf](https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2019/wildfire-and-hurricane-indemnity-program-plus_whip_august_2020.pdf).

<sup>19</sup> 7 CFR § 9.7(e).

SUBMITTED CHART BY HON. JAHANA HAYES, A REPRESENTATIVE IN CONGRESS FROM CONNECTICUT

### SNAP Average Baseline Benefits Estimation



SUPPLEMENTARY INFORMATION BY HON. JAHANA HAYES, A REPRESENTATIVE IN CONGRESS FROM CONNECTICUT

On Wednesday, February 14, 2024, Representative Jahana Hayes (CT-05) made a series of remarks to The Honorable Thomas J. Vilsack, Secretary, U.S. Department of Agriculture. During her remarks she stated that, “[A]s of April 2023, states and towns struggled to fill over 833,000 open positions for the employees who actually do this work.” She would like to amend the record to state, “According to AFSCME, in April 2023, the impact of the pandemic on the state and local government workforce remained acute, with states and towns struggling to fill 833,000 open positions.”\*

#### ATTACHMENT

June 9, 2023

Committee on Agriculture  
U.S. House of Representatives  
Washington, D.C.

Dear Representative:

On behalf of the 1.4 million members of the American Federation of State, County and Municipal Employees (AFSCME) and our members who administer benefits of the Supplemental Nutrition Assistance Program (SNAP), I urge you to support and strengthen the structure, integrity and capacity of SNAP as you develop the farm bill.

SNAP is a powerful and successful tool to ensure that all Americans can afford healthy food—it is a lifeline for 41 million Americans including students, veterans, disabled Americans, children, families and seniors. We note it is a safety net nutrition program, not an employment program. SNAP has been an effective tool to combat hunger, poverty and improve economic conditions for both individuals and communities. In communities, it serves as an economic engine, generating between \$1.50 and \$1.80 for every dollar invested.

Beginning in March 2020, states and counties used temporary SNAP flexibility to provide emergency benefit supplements, maintain benefits to households with children missing school meals, and ease program administration during the pandemic. These options allowed states to deliver more food assistance to struggling families, helped manage intense administrative demands, and ensured that participants maintained much-needed benefits all while radically shifting their operations to re-

\* **Editor's note:** the information referenced is from the AFSCME letter, dated June 9, 2023, that follows.

spond to a public health emergency. In fiscal year (FY) 2021, SNAP participation averaged 41.5 million beneficiaries, up by nearly 5.8 million over the pre-pandemic year FY 2019.<sup>1</sup>

With these factors in mind, AFSCME recommends the following to strengthen SNAP:

**Ensure access to full SNAP benefits by preserving the merit-staffing requirement for eligibility determination.**

AFSCME members who are SNAP state and county eligibility workers help constituents access nutrition benefits. Federal law requires that “merit staff” public employees conduct the essential work of SNAP to screen for eligibility and determine benefit levels. This includes providing application assistance, answering client questions about missing information, pursuing missing information, and providing verification guidance. Merit staff are civil service government workers who act as honest brokers to deliver benefits and services professionally, efficiently and effectively. Merit systems at the Federal, state and local levels require hiring, advancement, demotion and discipline based on merit and competence. Merit staff conduct the people’s business according to transparent standards, free from political influence and without fear of arbitrary management action or retaliation. Merit-based personnel systems are resilient and can help safeguard decisions to grant or deny an important nutrition Federal benefit from political whims.

Merit staffing ensures that SNAP beneficiaries receive the help they need from a skilled professional workforce, that recipient data remains private, and that eligibility determinations are based on qualifications rather than profit or other motives.

**AFSCME strongly opposes allowing states to expand non-merit staff for SNAP administration, including allowing states to contract out staffing to record or accept client information, conduct interviews and handle client complaints regarding case eligibility and benefits.** Congress should not permit states to hire non-merit staff to screen for eligibility, provide application assistance, answer client questions about missing information, pursue missing information, and provide verification guidance. We oppose permanent, expanded changes such as those proposed in the Emergency SNAP Staffing Flexibility Act of 2021 (H.R. 6203) because it would decimate merit-staffing requirements, undermine program integrity and waste limited taxpayer resources.

Experiments with the outsourcing of merit-staffed work in Texas and Indiana proved to be a waste of taxpayer dollars and a drain on good, local jobs that pay better than privateers who rarely provide essential benefits, including health care and retirement.<sup>2</sup> Outsourcing has resulted in none of the promises of improved performance, efficiency or cost savings. In fact, it has harmed struggling families, seniors and the disabled, and compromised the integrity of the program itself. As Stacy Dean, Deputy Under Secretary for Food, Nutrition and Consumer Services, United States Department of Agriculture (USDA), noted in testimony before the House Agriculture Committee’s hearing in 2022, these harmful impacts were “disastrous and ended up making service worse and states had to pull back from it. So experience would suggest it’s a pretty risky endeavor to shift the roles as we’ve experienced them for the past 4 decades.”

**Increase necessary administrative funds.**

It is essential that SNAP has adequate program staff to determine eligibility in a timely manner so that families can access the nutrition assistance they need. In April 2023, the impact of the pandemic on the state and local government workforce remained acute, with states and towns struggling to fill 833,000 open positions. In addition, many merit staff who make SNAP eligibility decisions also work on Medicaid eligibility determinations. The unwinding from the public health emergency resulted in an unprecedented increase in workload responsibilities and warrants additional workforce training and resources. **AFSCME recommends increasing the administrative match for SNAP from 50% to 75%. This increase will help pay competitive wages, provide adequate training and support workers to prevent backlogs, and improve consumers’ access to needed benefits.**

<sup>1</sup> <https://frac.org/blog/new-data-snap-benefit-redemptions>.

<sup>2</sup> Center for Public Policy Priorities, “Updating and Outsourcing Enrollment in Public Benefits: The Texas Experience,” November 2006, [http://library.cppp.org/files/3/CPPP\\_PrivReport\\_\(FS\).pdf](http://library.cppp.org/files/3/CPPP_PrivReport_(FS).pdf); Center for Public Policy Priorities, “News Release: New Report on Texas’ Troubled Outsourcing Experiment Tells Cautionary Tale for Sister States,” November 13, 2006, [http://library.cppp.org/files/3/privatizationrelease\\_CH.pdf](http://library.cppp.org/files/3/privatizationrelease_CH.pdf); David Super, “Indiana Court Autopsies Welfare Privatization Effort,” *Balkanization*, August 3, 2012, <https://balkin.blogspot.com/2012/08/indiana-court-autopsies-welfare.html>; Matea Gold, Melanie Mason, and Tom Hamburger, “Indiana’s Bumpy Road to Privatization,” *Los Angeles Times*, June 24, 2011, <http://articles.latimes.com/2011/jun/24/nation/la-na-indiana-privatize-20110624>.

**Allow administrative flexibilities, *not outsourcing*, to improve efficiency.**

During the pandemic flexibilities that improved the consumer experience included easing interview requirements, streamlining methods for electronic signatures, extending certification periods and simplifying reporting requirements. These should be allowed to continue. ***Administrative flexibility is not privatization or outsourcing.*** We oppose proposals to waive merit staffing, for example, during pandemics and other health emergencies, seasonal workforce cycles, temporary staffing shortages, and weather or other natural disasters. Given the current staffing shortage, the focus should be on strengthening the program in a sustainable way that upholds its integrity and access.

SNAP is a countercyclical program designed to respond to periods of high demand and adjust when demand wanes. As such, program administration should also be designed to accommodate these cycles.

**Extend SNAP's entitlement structure to Puerto Rico and other U.S. Territories.**

U.S. Territories, including Puerto Rico, receive a capped block grant from the Nutritional Assistance Program (NAP). This structure is unlike SNAP and the program is not able to serve all eligible people who apply. Other major Federal nutrition programs—including the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and child nutrition programs including school meals programs—operate the same in Puerto Rico as in the states. We urge you to provide the U.S. citizens in Puerto Rico with full access to the SNAP program and not the block grant under NAP.

**Summary**

Thank you for your efforts to continue to ensure that SNAP meets the needs of those in need and is administered by professional, merit-staffed state and county employees. We are counting on you to maintain current SNAP merit-staffing requirements to fully enable the program's ability to serve our nation's most vulnerable families.

Sincerely,



EDWIN S. JAYNE  
*Director of Federal Government Affairs.*

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SUBMITTED LETTER BY HON. DARREN SOTO, A REPRESENTATIVE IN CONGRESS FROM  
FLORIDA

February 2, 2022

Hon. ROSA L. DELAURO,  
*Chair,*  
House Committee on Appropriations,  
Washington, D.C.;

Hon. KAY GRANGER,  
*Ranking Minority Member,*  
House Committee on Appropriations,  
Washington, D.C.;

Hon. PATRICK LEAHY,  
*Chairman,*  
Senate Committee on Appropriations,  
Washington, D.C.;

Hon. RICHARD C. SHELBY,  
*Vice Chairman,*  
Senate Committee on Appropriations,  
Washington, D.C.

Dear Chairwoman DeLauro, Chairman Leahy, Ranking Member Granger and Vice Chairman Shelby:

We write to respectfully request your assistance with securing additional funds for the Nutrition Assistance Program (PAN) as you continue working towards reaching a deal for the Fiscal Year 2022 omnibus spending bill.

As you are aware, Puerto Rico does not participate in the national Supplemental [Nutrition] Assistance Program (SNAP). Instead, Puerto Rico has NAP, a capped block grant that currently serves over 1.5 million of my constituents. Due to limited funding, we have had to turn to Congress on multiple [occasions] seeking an [increase] in funds to accommodate changes in demand related to emergencies, including the ongoing COVID-19 emergency.

Most recently, Section 1103 of the American Rescue Plan, Public Law 117-2, provided \$1 billion for nutrition assistance programs in Puerto Rico, American Samoa



and the Northern Mariana Islands.<sup>1</sup> Of these, Puerto Rico obtained \$966,120,000, which are set to expire in June 2022. Unless Congress appropriates additional funds for NAP, Puerto Rico will revert back to the base block grant amount while still grappling with the pandemic.

To help mitigate the challenges [stemming] from the pandemic, as well as serving needy constituents during these trying times, we respectfully request the amount of \$1 billion for the NAP program to continue providing assistance to needy families during the emergency period. As we work towards a transition to SNAP, we must secure resources that will get us support the imminent need in Puerto Rico.

Sincerely,



Hon. JENNIFFER GONZÁLEZ-COLÓN,  
Member of Congress



Hon. DARREN SOTO,  
Member of Congress

SUPPLEMENTARY MATERIAL SUBMITTED BY HON. THOMAS “TOM” J. VILSACK,  
SECRETARY, U.S. DEPARTMENT OF AGRICULTURE

**Insert 1**

Mrs. CAMMACK. . . .

So, specifically, what is USDA doing to ensure that American-grown products are being served in American schools? And is there a requirement for American-grown products to be used in schools?

Secretary VILSACK. There is a requirement that food that we purchase has to be produced and processed and every aspect of it being done in the U.S.

Mrs. CAMMACK. Okay. Now, what are you doing to ensure that that is in fact happening? Because, as I have just laid out, we are finding products from all over the world, from Russia and China, *et cetera*, in our school systems.

Secretary VILSACK. Well, if you want to give us information about the specific schools, we will be more than happy to take a look at that specific circumstance. We have a process in which we, through our Food Nutrition Service, do the best we can to ensure that the purchases are being made are consistent with the rules and regulations of FNS.

Mrs. CAMMACK. So I will tell you what, by the end of the quarter, you and I can have a conversation, and I will make sure my team gets the data to yours, and we can go through that.

USDA would welcome any specific data.

**Insert 2**

Ms. DE LA CRUZ.—Mr. Secretary, because it is such an important issue. And like my colleague across the aisle said, we don’t want to play partisan politics with our farmers and ranchers. Food security is national security, and I would like your commitment to stand with me and our farmers and ranchers and meet with and talk with Secretary Blinken about Mexico’s lack of abiding to the 1944 treaty. Can I have your commitment to stand with the ranchers and farmers and speak to Secretary Blinken about this treaty?

Secretary VILSACK. I am happy to take a look and learn more about this and get back to you, Congresswoman. I think that is fair.

USDA is committed to support efforts of the U.S. Department of State as needed.

**Insert 3**

Mr. VAN ORDEN. . . .

. . . . One of the efforts USDA offers is the Dairy Business Innovation Initiative .

\* \* \* \* \*

Secretary VILSACK. And they make decisions based on where those resources need to be allocated.

Mr. VAN ORDEN. Okay.

Secretary VILSACK. So they would have the information in terms of the number of grants and specific investments.

<sup>1</sup>Public Law 117–2. <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>.

Mr. VAN ORDEN. Okay.

Secretary VILSACK. So, we don't control—once we give the resources to the innovation center, it is the innovation center that makes the determination.

Mr. VAN ORDEN. So if we could get that information from these guys later, or if you could help us do that, I would appreciate it greatly.

\* \* \* \* \*

Mr. VAN ORDEN. . . Many of my constituents are asking the USDA to use their emergency powers to change the dairy pricing formula from the “average of” to the “higher of.” No one has testified in opposition to changing this formula. The USDA is considering making the change through the FMMO hearing process that just concluded. We talked about that. Unfortunately, they are on step 5 of 12 in the process. Dairy farmers can't wait till 2025. Do you support accelerating this process?

Secretary VILSACK. I am not prepared to answer that question because I need to have a better understanding of exactly what you are asking.

The Federal Milk Marketing Order (FMMO) program regulates organic and conventional milk identically because the Agricultural Marketing Agreement Act of 1937, as amended, classifies milk based on form and use, not on farm production method. FMMOs require conventional and organic milk processors to pay the same classified price for milk based on its end use—fluid milk, soft products, or storable products.

A proposal was submitted to treat organic milk differently within the FMMOs during the request for proposals in June 2023, in anticipation of the August 2023 hearing. Because the hearing was related to pricing formulas, the organic milk proposal was excluded from the hearing notice, a decision the Administrative Law Judge presiding over the hearing upheld.

At any time, interested persons can submit a proposal to amend the FMMOs in accordance with the regulations at 7 CFR 900.3. All proposals should fully address the submission requirements outlined in 7 CFR 900.22. Once a proposal has been submitted, USDA will consider the proposal and determine whether a hearing should be held.

**Insert 4**

Mrs. CHAVEZ-DEREMER. . . .

. . . I have heard from an alarming number of constituents concerned about illegal vehicular camping occurring with the Deschutes National Forest in my district. These activities are not only taking away-from vital public resources from my constituents, but also leading to lasting environmental damage. Around Phil's Trailhead and along China Hat Road, there have been numerous reports of unsanctioned bonfires, trash dumping, and burning, drug usage, dumping of human waste, trespassing onto adjacent private property, as well as violent crime throughout.

Not only is there a concern that there is no concrete plan of action to address these concerns, but also I am told that local volunteer organizations that are trying to work with the Forest Service will no longer be deployed due to safety concerns. Do you believe the current citation system is effective, or are stronger enforcement mechanisms needed to ensure that those that are trespassing will be held accountable and stop the damage from getting worse?

Secretary VILSACK. Well, I think we need to look into that particular set of issues. I am more than happy to do that.

The Deschutes National Forest (DNF) recognizes the challenges posed by unauthorized encampments and the associated environmental and public safety concerns. Addressing these issues is a high priority for the Forest Service, and we are actively working to mitigate the impacts in areas such as Phil's Trailhead and China Hat Road.

Staff regularly patrol these areas, enforce regulations, and conduct clean-up operations to address issues such as trash dumping, unsanctioned fires, and natural resource damage. Homelessness, however, remains a complex societal issue that cannot be fully resolved by the Forest Service alone. We collaborate with local and Federal partners—including the Deschutes County Sheriff's Office, City of Bend, and the Bureau of Land Management-on community-driven strategies to address the broader challenges of unauthorized encampments.

To enhance our response, we are also focusing on fire prevention education, volunteer safety, and leveraging partnerships with organizations like the Public Land Stewards. Volunteer safety is paramount, and we ensure that no volunteers or employees are deployed in conditions where safety risks cannot be mitigated.

Our enforcement capabilities are limited by law, which restricts our ability to remove individuals or their belongings without a Federal Magistrate's court order. While we continue to issue tickets for violations, these measures do not provide a direct mechanism for resolving long-term encampments.

The current citation system provides a framework for addressing violations, but it has significant limitations in effectively deterring unauthorized long-term camping and mitigating its associated impacts. Issuing tickets for violations like resource damage or exceeding stay limits is a vital enforcement tool; however, it does not address the root causes of these encampments or provide immediate relief from the environmental and public safety issues your constituents have raised.

More robust enforcement mechanisms may be necessary to ensure accountability and prevent further degradation of public lands. This could include policy changes that streamline the process for removing individuals and their property from unauthorized campsites when violations occur.

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#### SUBMITTED QUESTIONS

#### **Response from Hon. Thomas "Tom" J. Vilsack, Secretary, U.S. Department of Agriculture**

*Questions Submitted by Hon. Glenn Thompson, a Representative in Congress from Pennsylvania*

*Question 1.* Many of the questions the current Dietary Guidelines Advisory Committee (DGAC) is studying are so granular that many are lacking sufficient evidence and, thus far, are having to be eliminated or are resulting in limited evidentiary conclusions. I am concerned this reality, as has happened with past DGACs, may result in the DGAC making recommendations based on analytical tools *versus* empirical evidence, such as food pattern modeling, that, while useful when studying consumption patterns, do not meet the evidentiary standard required for the *Dietary Guidelines* to establish nutrient or food group recommendations. How will USDA ensure that DGAC recommendations are based solely on dietary reference intakes and other proper scientific evidence rather than unproven tools as they seek to comment on the preponderance of the scientific evidence as required by statute?

*Answer.* The 2025 Dietary Guidelines Advisory Committee (DGAC) is charged with reviewing the scientific evidence on nutrition and health to develop a scientific report for HHS and USDA, which will provide advice and recommendations to help inform the development of the *Dietary Guidelines for Americans, 2025-2030*. To examine the evidence, the Committee is using three approaches: data analysis, food pattern modeling, and systematic reviews. Each approach has its own rigorous, protocol-driven methodology, and plays a unique, complementary role in examining the science.

The 2025 DGAC's work in food pattern modeling explores the types of flexibilities that may or may not exist in dietary patterns. Of note, the National Academies of Sciences, Engineering, and Medicine (NASEM) recommended the Secretaries of USDA and HHS "enhance food pattern modeling to better reflect the complex interactions involved, variability in intakes, and range of possible healthful diets". The 2025 DGAC's expanded food pattern modeling analyses, including a new analytic approach to diet simulations, are responsive to the NASEM recommendations for advancing the Dietary Guidelines development process.

The food pattern modeling analysis involves hypothetical scenarios specifically related to ensuring the dietary patterns included in the Committee's advice meet the Dietary Reference Intakes, but this analysis alone does not equate to advice. The findings of the food pattern modeling analyses will be synthesized and put into context related to the Committee's findings from systematic reviews and data analyses. Findings from all three approaches will inform the Committee's advice and recommendations to HHS and USDA in its scientific report.

*Question 2.* Federal spending on USDA FNS' Supplemental Nutrition Assistance Program (SNAP) totaled over \$110 billion in 2023. Currently, when a retailer store is audited, receipts are manually hand reviewed, a time-consuming and inefficient procedure. Recognizing this challenge, I understand USDA is conducting a Proof of Concept (POC) that uses Optical Character Recognition (OCR), an application of artificial intelligence. This initiative aims to streamline the auditing process by automating the review of a sample (limited to 1000) of FNS receipt and invoice data. FNS uses this data to demonstrate how the existing manual process can be automated, saving staff time, ensuring accurate review, and detecting difficult patterns. The goal of this POC will pave the way for a review system that (1) has an automated workflow and learns from analyst feedback (2) can incorporate known SNAP

fraud patterns, identify new fraud patterns, and visualize alerts on these patterns on retailer invoices and receipts. Can you provide an update on the POC and any plans for scaling this effort into a fully operational production system that ensures SNAP funds are going only to families in need?

*Answer.* SNAP integrity is of the utmost importance to USDA and continues to be one of the USDA Food and Nutrition Service's (FNS) most critical responsibilities. In the oversight of more than 260,000 participating retailers, FNS constantly strives to deter and root out all types of fraud in SNAP. FNS continually looks to innovate and strives to stay ahead of bad actors who would violate program rules by utilizing the latest anti-fraud technology and techniques. The Proof of Concept (POC) for Optical Character Recognition (OCR) is anticipated to begin testing by the end of Spring 2024. In the event the POC demonstrates the anticipated efficiencies, full implementation would be pursued by the end of the calendar year. As suggested, OCR technology introduces several opportunities to modernize practices and provide the agency with tools to strengthen Program Integrity initiatives.

*Question 3.* The Department has stated they are supportive of all forms of fruits and vegetables in feeding programs yet, publicly continue to push the narrative that that "fresh is best," more beneficial, and that if you aren't serving or eating fresh, you're not eating "healthy." For example, in 2023, GusNIP awarded 86% of its grant funding to *fresh-only* programs, and in November 2023, the Department put out this *press release*<sup>1\*</sup> equating fresh food to healthy and cheaper foods to less healthy. "*USDA is delivering on its promise to bolster food and nutrition security for underserved communities,*" said *USDA Chief Scientist and Under Secretary for Research, Education and Economics Dr. Chavonda Jacobs-Young.* "*Investments like this enable people to afford and eat healthy fresh fruits and vegetables so they don't have to make a choice between healthy eating and cheaper less healthier options.*" The goal of many of these feeding programs is to increase nutrition access and reduce food insecurity by meeting families where they are, and the reality is, sometimes fresh produce may not be feasible or available. In fact, research shows that when a consumer has access to all forms of fruits and vegetables, consumption increases. What is the department doing to educate and help consumers understand the value of including additional forms of produce in their diet, and for example, how frozen can fit into a healthy lifestyle? As these are taxpayer-funded feeding programs, frozen can be a cost-effective option, especially since its long shelf-life results in less food wasted, thus extending recipients dollars. What is the department doing to work with the GusNIP TA center to encourage grocers to promote frozen as a choice for all consumers?

*Answer.* All foods have a place in a healthy dietary pattern. Across the NIFA portfolio of grant programs, Congressional authorizing legislation may emphasize specific crops or food groups, and may also provide National Institute of Food and Agriculture (NIFA) with broad discretion when implementing grant programs. As one example, the authorization for the GusNIP Produce Prescription Program, 7 U.S.C. 7517(c), directs that to be eligible to receive a grant, projects must prescribe fresh fruits and vegetables.

The legislative language for the GusNIP Nutrition Incentive Program, 7 U.S.C. 7517(b), provides NIFA with broad discretion to support projects that increase the purchase of fruits and vegetables. In the GusNIP Nutrition Incentive Program, fruits and vegetables are defined as any variety of frozen, canned, dried, or fresh; whole or cut fruits and vegetables; without added sugars, fats or oils, and salt (*i.e.*, sodium).

*Question 4.* The Infrastructure Investment and Jobs Act provided the U.S. Forest Service over \$2.8 billion for the National Forest System to carry out wildfire risk reduction and ecosystem restoration activities. You've had nearly 3 years to begin implementation and I've been hearing from various constituents that it is not making its way to the ground. Can you share with us how many communities you've protected with the hazardous fuels reduction projects, like installing fuel breaks, as authorized in IIJA? How many acres have been treated using the emergency authority?

*Answer.* The Bipartisan Infrastructure Law (BIL) provided \$1.4 billion for hazardous fuels treatments, of which we will have allocated \$848M by the end of Fiscal Year (FY) 2024. The Forest Service and partners are making significant progress in implementing the Wildfire Crisis Strategy. Since the rollout of the strategy, we have now invested in the treatment of over a million acres across the 21 Wildfire

<sup>1</sup> <https://www.usda.gov/media/press-releases/2023/11/13/usda-nutrition-incentives-improve-access-healthy-food>.

\* **Editor's note:** entries annotated with † are retained in Committee file.

Crisis Strategy landscapes alone and accomplished 4.4 million acres of hazardous fuel treatments across the entire National Forest System (NFS) last year, an all-time record in the agency's history. Our work under the strategy is beginning to reduce risk to approximately 550 communities, 2,500 miles of power lines, and 1,800 municipal watersheds, as well as many other values the public depends on and cares about.

Since the passage of the BIL, USDA has exercised the emergency authority that Congress provided in the law to provide for more efficient forest management decisions in emergency circumstances and we have designated over 27 million acres of NFS lands for expedited analysis, decision-making, and implementation. Since that time, the US Forest Service has approved 43 emergency actions covering up to 1.2 million acres. Thirty-seven projects are currently being reviewed and are at various stages of completion. Six projects have signed decisions authorizing up to 295,605 acres with implementation underway. As of this hearing we have completed treatments on approximately 24,000 acres using the emergency authority.

With continued investments from Congress, we will be able to build upon the work we have already accomplished. USDA is committed to continuing to ramp up the pace and scale of our hazardous fuel reduction and forest management treatments to confront the crisis, using every tool and authority at our disposal. We must also continue to find ways to invest in our wildland firefighters, who are not only critical to our suppression activities but also for fuels management work on a year-round basis. It is important that we have resources that go to our land and forests, as well as the people who protect them.

*Question 5.* As you know, a robust timber industry is critical to addressing the wildfire crisis. However, we continue to see declining levels of timber harvest across the National Forest System. Based on information we received from the U.S. Forest Service, over 80 units failed to meet their timber targets over the last 5 years. Mr. Secretary, can you please tell us how you are working diligently to increase the level of timber volume sold across National Forest System lands?

*Answer.* In FY 2023, the Forest Service demonstrated its commitment to forest resilience and local economies by selling 3.144 billion board feet (BBF) of timber (5,894 thousand hundred cubic feet (MCF)), marking one of the highest output periods in recent decades. The agency has sold an average of 3.08 BBF (5,730 MCF) annually over the past 5 years. In FY 2023, the Forest Service sold 246 MCF of biomass, maintaining an average annual sale of 228 MCF over the past 6 years.

*Question 5a.* The U.S. Forest Service received significant investments from the IRA and IIJA. Can you please provide the Committee with a detailed breakdown of which projects have included timber harvests?

*Answer.* Multiple provisions of the Infrastructure Investment and Jobs Act and the Inflation Reduction Act benefit our timber management program. These funds are additive to our already existing program of work and act as a force multiplier to accomplish more on-the-ground activities so that we can have a robust timber sale pipeline into the future. Funds from IIJA/IRA are used to perform such activities as NEPA planning, sale designation and marking, and numerous other presale activities that contribute to the pipeline of timber sales across the agency. We do not track IRA and IIJA funding specific to timber harvests.

*Question 6.* Mr. Secretary, I think we all operate under the impression that Categorical Exclusions allow projects to go from proposal to completion faster given the lack of environmental effects. However, I continue to hear from my constituents that projects using Categorical Exclusions have taken years to complete. For example, in Region One, one project using a CE took more than 4 years to compete and another took more than 6 years. Can you explain to us why projects, especially those that are less than 3,000 acres, can take a half decade or more to complete?

Can you tell me what the U.S. Forest Service is doing to avoid lengthy delays throughout the project planning process?

*Answer.* From Fiscal Years 2019–23, the Forest Service averaged 146 days to complete a Categorical Exclusions (CE). This time is less than the 158 day average it took the Forest Service to complete a CE in Fiscal Years 2014–18. The Forest Service is getting faster at completing CEs. There will be outliers in any large data set that bring with them unique situations and requirements, especially given that the Forest Service completes over 1,000 CEs annually. Projects occasionally are put on hold for a variety of reasons, such as shifting priorities, intervening events like wildfires, or at times upon the request of the project applicant.

We are incorporating efficiencies at every stage of the planning process. The Forest Service's focus is on training, information sharing, community building, standardization, contracting, use of additional CE categories, CE adoption under the new

Section 109 of NEPA, determination of NEPA adequacy, and programmatic agreements in order to expedite the review.

*Question 7.* Mr. Secretary, it is well known that compliance with the *Cottonwood* decision is actively delaying hazardous fuel treatments, keeping the potential for dangerous wildfires higher, for longer. We've heard from the U.S. Forest Service that adhering to the *Cottonwood* decision will force current forest restoration projects to pause for 5 to 10 years and cost the agency millions of dollars in re-consultation fees. Further, the Obama Administration is on record stating that a finalized forest plan is **not** an ongoing action and does **not** allow for discretionary involvement. Can you confirm that it is your position that a statutory fix for the *Cottonwood* decision is needed?

*Answer.* Prior to the passage of the Consolidated Appropriations Act of 2018 (P.L. 115–141) in which Congress provided the Forest Service a temporary safe harbor from *Cottonwood*-related litigation, forest restoration projects were expected to be delayed for 5–10 years and cost the agency millions of dollars in re-consultation efforts. Since the expiration of the initial five-year safe harbor provision in March 2023, the Forest Service has faced-s and continues to face increased litigation risks and potential project implementation delays. The Forest Service continues to spend time and resources addressing plan-level consultation and working to develop Biological Assessments for various species. The Forest Service's recent experience concerning plan-level reinitiations has been that such reinitiation efforts typically do not result in any change to Land Management Plan (LMP) direction or additional conservation benefits beyond what is reflected in the reinitiation of consultation that occurs for ongoing projects.

The Forest Service has not delayed any restoration projects since passage of the 2018 Consolidated Appropriations Act solely because of failure to reconsult on newly listed species at a plan level. After a LMP is revised and associated consultation occurs, the Forest Service continues to perform project-level consultation for all existing and newly listed species and critical habitats and feels this is the appropriate level of consultation that should be undertaken.

USDA continues to highlight the importance of the National Forest Management Act's incremental decision-making process for periodic and project-specific decision-making with the Services and the great ecological benefit such an approach can have. The Forest Service also continues to highlight the implications of *Cottonwood*-style litigation that could hinder the accomplishment of the administration's broader natural resource management objectives. USDA continues to seek out solutions that will allow for timely decision-making, while maintaining the important wildlife protections afforded by the Endangered Species Act and would welcome the opportunity to work with Congress on a legislative language related to *Cottonwood*.

*Question 7a.* In your view, how has the *Cottonwood* decision made western communities more vulnerable to wildfire?

*Answer.* During the initial 5 year safe harbor provision the Forest Service did not face a risk of delayed forest restoration projects solely because of failure to reinitiate plan-level consultation regarding newly listed species or critical habitat. The social, human, and environmental effects of proposed projects and activities continue to be analyzed at the project level, including any necessary reinitiation of consultation.

*Question 8.* Mr. Secretary, it is my understanding that litigation has impacted timber sales across the National Forest System with over 1.8 billion board feet impacted. 1.8 billion board feet is enough timber to build over 100,000 single family homes. Is that correct?

*Answer.* Yes.

*Question 8a.* Can you tell me what the U.S. Forest Service is doing to avoid litigation?

*Answer.* The Forest Service strives to operate in a collaborative manner to reduce litigation. The pre-decisional administrative review ("objections") process also helps to resolve conflicts and reduce litigation. The Agency provides training based on new and existing case law to provide support to employees and improve the quality of our project planning and decision-making and ultimately be more successful when litigated. Additionally, we engage with partner agencies in information sharing and project support to ensure there is a consistent approach to project planning.

*Question 9.* A concern I often hear about is that agencies provide excessively detailed NEPA analyses to ensure their decisions will not be litigated. Mr. Secretary, can you provide us with an update on the department's compliance with the amendments to NEPA from the Fiscal Responsibility Act of 2023?

How has the department streamlined environmental documentation as a result? Have you complied with the new deadlines as outlined in Section 107(g)?

*Answer.* The Forest Service is complying with the requirements of Sections 106, 107, 108, 109, and 111 of NEPA, where applicable. The Agency engaged with the Council on Environmental Quality (CEQ) in 2023 to share information on E-NEPA (Section 110).

The Forest Service is focused on compliance with Section 109 (CE Adoption). We are currently consulting with seven Federal agencies regarding the adoption or lending of 18 CE categories. The CE categories the Forest Service is seeking to adopt will assist with compliance for broadband infrastructure support, telecommunications, range and grazing operations, mining support activities, and transportation projects.

For example, The Department of Commerce has several CE categories for which the Forest Service is requesting adoption, which will allow telecommunication infrastructure to be documented with a CE *vs.* an EA. This could reduce the timeline for environmental compliance for some telecommunication projects by over a year. In addition, it was recently announced that the Bureau of Land Management is adopting a permit streamlining policy already in use by the Forest Service and the Navy that will help BLM to approve geothermal exploration projects faster. The Forest Service is currently gathering information in support of reporting EAs and EISs that exceed deadlines associated with Section 107(g) of the FRA.

*Question 10.* Recently, the U.S. Forest Service initiated an unprecedented effort to review and amend all land management plans for units of the National Forest System, 128 plans in total, to “include consistent direction to conserve and steward existing and recruit future old-growth forest conditions and to monitor their condition . . .”. Mr. Secretary, what has been the leading cause of loss of “old growth” forests over the last 2 decades? How does amending these forest plans address the biggest threat to “old growth” forests? How will this policy help the U.S. Forest Service implement this Administration’s own 10 year Wildfire Crisis Strategy, which calls for a three-fold increase in forest restoration projects?

What portion of the newly identified “old growth” forests are already included in roadless and/or wilderness areas? Do current forest plans already contain provisions and restrictions regarding “old growth” conservation?

*Answer.* According to our recently completed Threat Analysis, the biggest threats to old growth over the past 2 decades have been wildfires (–712,000 acres), insects, and diseases (–182,000 acres). The proposed amendment would implement strategies to foster resiliency to these threats and drive proactive stewardship and forest management actions to retain old-growth forest conditions across national forests/grasslands and complement the agency’s wildfire crisis strategy. Healthy, climate-resilient old-growth forests store large amounts of carbon, increase biodiversity, reduce wildfire risks, enable subsistence and cultural uses, provide outdoor recreational opportunities, and promote sustainable local economic development.

Land management plans are made up of a suite of plan components designed to address a multiple-use framework to ensure ecological integrity, and to provide for social and economic sustainability. Many land management plans throughout the National Forest System contain plan components that speak to the management of old-growth forest conditions and reflect the management objectives and desired conditions of a particular forest or grassland. This results in a multitude of approaches toward the management of old-growth forest conditions.

The table below shows estimates of old-growth forests across various special land designations. On Forest Service-administered land about 55% of the old growth is in wilderness or inventoried roadless and about 45% is in general forest. For the BLM about 20% is in wilderness and inventoried roadless. See the table below for more details.

Agency & Land Allocation	Old Growth		Total Forest Land	
	Million Acres SE%		Percent	Million Acres
<b>NFS</b>	<b>24.7</b>	<b>1</b>		<b>144.3</b>
Wilderness *	4.1	3	16.6	23.4
Inventoried Roadless Area	9.4	2	38.1	37.0
National Monument	0.1	26	0.4	0.6
Other	11.1	2	44.9	83.3
<b>BLM</b>	<b>8.3</b>	<b>3</b>		<b>34.2</b>
Wilderness	0.5	11	5.9	1.6
Wilderness Study Area	1.2	7	14.4	3.3
National Conservation Lands*	0.8	8	10.1	2.2
Other	5.8	4	69.6	27.1

Agency & Land Allocation	Old Growth		Total Forest Land	
	Million Acres SE%		Percent	Million Acres
<b>Total BLM &amp; NFS</b>	<b>33.1</b>	<b>1</b>		<b>178.5</b>

\*Forest Service Wilderness includes both Wilderness and Wilderness Study Areas. National Conservation Lands include National Monument, National Conservation Area, and other similar designations, collectively referred to as NM/NCAs

*Question 11.* USDA's Climate Risk Viewer identifies several ways in which climate resiliency is already incorporated in USFS planning and NEPA. Secretary Vilsack, what specific gaps in existing policy and practices have you identified that fail to address the risks and threats to old growth? Additionally, under the proposed action how will the U.S. Forest Service balance other environmental aspects, namely enhancing and conserving wildlife habitat, that may not be analogous with old growth directives?

*Answer.* It may be the case that, in some circumstances, existing old-growth policies and practices are effectively conserving old-growth conditions in the face of climate-induced threats. Putting a national framework in place that is responsive to local conditions/diversity is the logical step to take to validate and improve status quo management. The mature and old growth Threat Analysis highlighted the need for additional proactive stewardship actions to protect mature and old growth under certain conditions. In other situations, no action is needed. We are continuing to analyze the Threat Analysis and Inventory to develop guidance on identifying situations in which management actions are appropriate. The Agency will use the National Environmental Policy Act environmental impact statement process to evaluate the potential impact of the proposed action and alternatives on relevant resource issues, such as wildlife habitat.

*Question 12.* Mr. Secretary, the U.S. Forest Service has over 27,000 permanent employees—with over 26,000 in regional and field offices. I've heard from my constituents that these field offices are still not adequately staffed, despite guidance from the White House that the agencies must return to the office. Can you please tell us how you monitor whether employees in the field are returning to the office? What measures are in place to ensure the information you receive is accurate?

Can you please provide the Committee with the management direction the U.S. Forest Service has provided its employees regarding returning to the office?

*Answer.* As with most managerial matters, first-line supervisors are responsible for ensuring that their team members know the location of their duty station and the requirements for performing their duties in person. Employees and supervisors are also responsible for entering their hours worked in the agency's time and attendance system based on the location of their work. For Forest Service employees assigned to public-facing positions (such as a ranger station), the duty station in most instances is the location of the public-facing position. In those types of positions, most of the employee's duties may be performed only onsite, where direct, in-person communications can occur between members of the public and the employee. Approximately 80% of Forest Service employees are currently working in person at their duty stations.

As before the pandemic, Forest Service employees must receive prior written approval from their supervisors for some type of leave, such as sick or annual leave, to be absent from their duty stations. Forest Service supervisors can readily verify that in-person personnel are reporting to their duty locations as required, using essentially the same procedures as before the pandemic. At the start of each day, supervisors ensure that their team members are present and accounted for at their duty stations. Typically, the process involves seeing team members at their assigned desks, during check-ins, and regularly scheduled meetings. Forest Service management has informed public-facing personnel, *e.g.*, those who routinely interact with the public, that they need to report to their duty stations on a regular basis. As a result of this policy, over 80% of Forest Service personnel are performing their duties in person, just as they were pre-pandemic. Forest Service management has also informed personnel assigned to the Washington Office that regular in-person attendance is required and has directed supervisors to coordinate their employees' in-person and telework days to maximize in-person collaboration.

*Question 13.* The National Forest System, established under the Organic Administration Act of 1897, was designed to allow for multifaceted economic use of lands within the system, including water conservation and the provision of a continuous timber supply. The U.S. Supreme Court and subsequent Congressional actions have



reinforced this multi-use principle, emphasizing that national forests are to be managed for a variety of uses, not solely for preservation purposes.

Given the critical role of national forests in supplying valuable mineral and energy resources, which contribute significantly to the U.S. economy and job growth, it is imperative that land management plans foster rather than hinder access to these resources. Especially in light of the current mineral supply chain challenges and energy reliability concerns, ensuring access to these resources is paramount for national security and economic stability. Can you assure us that the updates to the USFS land management rule will not obstruct the exploration, development, and utilization of mineral and energy resources on National Forest System lands, thus maintaining the forest system's economic and strategic contributions to the nation?

*Answer.* It is our understanding that your question refers to the proposed National Old Growth Amendment for the Conservation and Stewardship of Old Growth Forest Conditions. The proposed amendment is not a Federal Rulemaking but rather is a proposed amendment to all 128 Land Management Plans throughout the National Forest System. The intent is to foster the long-term resilience of old-growth forest conditions and their contributions to social, economic, and ecological sustainability across the National Forest System as part of the agency's overall multiple-use and sustained-yield mission. The proposed amendment contains proposed plan components to prevent the degradation of old-growth conditions and to enable conservation and proactive stewardship within old-growth forest conditions. The amendment is expected to operate prospectively, will not impact valid existing rights, and will comply with all applicable statutes and regulations, including those related to mineral and energy development.

*Question 14.* Currently, the U.S. economy is heavily reliant on foreign sources for many minerals. Permitting delays have exacerbated the problem. These delays plague the minerals industry throughout project development, but there is a unique difficulty on U.S. Forest Service lands because early-stage, small-scale exploration activities must be authorized through a plan of operations as opposed to a more streamlined notice-level process as allowed by the USFS's sister land management agency, the Bureau of Land Management (BLM). Under 43 CFR Subpart 3809, BLM utilizes a 15 day timeframe for determining whether a notice is complete, and the operator may conduct notice-level operations once it has submitted the required financial guarantee. In contrast, exploration projects on USFS lands can wait years to secure necessary approvals. Does the Forest Service intend to promote consistency with the BLM when the agency updates its locatable mineral regulations later this year?

*Answer.* Yes, the Forest Service is seeking consistency with the BLM. The Forest Service is currently undergoing a regulatory revision of 36 CFR 228A, which governs the occupancy and use of National Forest lands in connection with mining—including prospecting, exploration, development, mining, processing, and reclamation. These regulations have not seen any significant revisions since they were adopted in 1974. As a result, there are many inconsistencies with the BLM's 3809 regulations. One of the many goals the Forest Service has in modernizing these regulations is to bridge the gap between the BLM 3809 regulations and the Forest Service 228A, which includes clear criteria for when notice-level operations can occur or when a plan of operations is required. The Forest Service anticipates this regulatory change will facilitate the efficient process of over 240 operations each year.

*Question 15.* On December 5, 2023, the Administration released the Draft National Strategy for Reducing Food Loss and Waste and Recycling Organics. Despite the immense contributions of the rendering industry in preventing and diverting wasted food from disposal, with more than 54 billion pounds of organic loss and waste upcycled by renderers each year, the Draft National Strategy did not mention rendering a single time. Secretary Vilsack, can you explain to the Committee why rendering is omitted from your Draft National Strategy?

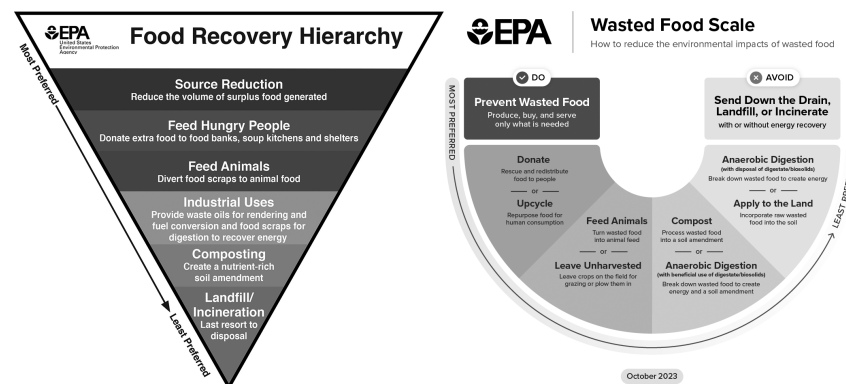
How does the Administration expect to meet its goals of cutting food loss and waste in half, without rendering?

*Answer.* On June 12, 2024, the Administration released the final National Strategy for Reducing Food Loss and Waste and Recycling Organics (National Strategy) after carefully reviewing the more than 10,000 comments received in response to the draft Strategy. The National Strategy drives progress toward the National Food Loss and Waste Reduction Goal to reduce the loss and waste of food by fifty percent by 2030. USDA, EPA, and FDA appreciate the role that organics recycling, including rendering, plays in reducing food loss and waste. In response to comments on the draft Strategy, the final National Strategy includes a definition of rendering and added reference to rendering in Objective 3, "Increase the recycling rate for all or-

ganic waste.” We will be looking for additional opportunities to reference rendering’s important role as a food waste management pathway.

**Question 16.** There seems to be a trend of this Administration excluding rendering from its efforts to reduce food loss and waste. In October 2023, EPA scrapped its Food Recovery Hierarchy below and replaced it with a Wasted Food Scale, notably removing rendering from this framework. Secretary Vilsack, can you explain what input USDA provided to EPA in their transition from Food Recovery Hierarchy to Wasted Food Scale?

Does the USDA support EPA’s decision to remove rendering in the Wasted Food Scale?



**Editor’s note:** the graphics were pulled from: <https://www.epa.gov/sustainable-management-food/wasted-food-scale>; <https://www.epa.gov/land-research/field-bin-environmental-impacts-us-food-waste-management-pathways>.

**Answer.** USDA was not involved in EPA’s development of the Wasted Food Scale.

**Question 17.** The Environmental Protection Agency (EPA) has published an *Advanced Notice of Proposed Rulemaking* titled *Potential Future Regulation for Emergency Release Notification Requirements for Animal Waste Air Emissions Under the Emergency Planning and Community Right-to-Know Act (EPCRA)*. This proposal could reverse the 2019 rule that exempted reporting of animal waste air emissions which received wide support from the agriculture industry and first responders. Secretary Vilsack, how have you collaborated with the EPA as they consider a new rulemaking under EPCRA?

How are you responding to the small producers concerns about this proposal’s additional burdens on their operations?

**Answer.** USDA continues to provide an advisory perspective on agricultural matters before the EPA. I will note that the biggest complaints that I hear from small livestock producers are making sure that we are ensuring a level playing field, creating more processing capacity, and fighting industry consolidation that is stripping profits from our livestock producers.

**Question 18.** Research and promotion programs—commonly referred to as check-offs—promote and provide valuable research and information for the commodity they cover. These programs are voluntarily created by producers, financed by producers, and directed by producers through their boards. We have recently seen unprecedented attacks by animal rights activists and anti-agriculture groups to dismantle checkoffs as we know them. Mr. Secretary, can you talk about how these programs are formed and discuss the oversight mechanisms the USDA Agricultural Marketing Service (AMS) enforces for checkoffs?

**Answer.** Since 1966, Congress has authorized industry-funded research and promotion (R&P) boards to provide a framework for agricultural industries to pool their resources and combine efforts to develop new markets, strengthen existing markets, and conduct important research and promotion activities. The Agricultural Marketing Service (AMS) provides oversight, paid for by industry assessments, which helps ensure fiscal accountability and program integrity. Standing up new check offs and considering the impact of legislative changes that would could these programs are funded with taxpayer dollars.

To initiate a national research and promotion program, proponents must submit a proposal to USDA. A complete proposal should include: (1) industry analysis; (2)

justification; (3) objectives; (4) impact on small business; (5) evidence of industry support for the program; and (6) the text of the proposed order. If determined to be a complete proposal, AMS publishes a proposed rule in the *Federal Register*. In addition, the establishment of a new research and promotion program requires a referendum.

AMS oversees 22 research and promotion boards that empower farmers, ranchers, and agricultural businesses. The board members, which are appointed by the Secretary of Agriculture, and boards' staff direct and carry out programs and day-to-day board management responsibilities. Every R&P program's mission is to maintain and expand the markets for its commodity. AMS provides oversight and ensures fiscal responsibility, program efficiency, and fair treatment of participating stakeholders. In order to apply and enforce the legislative and regulatory provisions of checkoff acts and orders and promote consistency in oversight of all commodity promotion and research programs, AMS and the boards follow written and approved guidelines (Guidelines for AMS Oversight of Commodity Research and Promotion Programs—<https://www.ams.usda.gov/sites/default/files/media/RPGUIDELINES092015.pdf>).<sup>†</sup>

In short, AMS provides oversight and direction to industry-funded and managed commodity research and promotion programs that broaden and enhance national and international markets for various commodities.

*Question 19.* The *Consolidated Appropriations Act, 2023* extended the registration review deadline for over 700 pesticides registered under FIFRA and directed EPA to take into account feedback from USDA when developing mitigation measures for these crop protection tools. This language was included as a direct result of growing concerns that EPA was ignoring feedback from USDA scientists. Secretary Vilsack, can you talk about how the consultation process between the EPA Office of Pesticide Programs and the USDA Office of Pest Management Policy has improved since the passage of this provision?

*Answer.* OPMP continues to engage with EPA in a variety of ways. OPMP participated along with EPA, the DOI, and Commerce in the first, in-person public meeting of the FIFRA-Endangered Species Act Interagency Working Group. OPMP also helped to coordinate the Memorandum of Understanding between FPAC and EPA's Office of Chemical Safety and Pollution Prevention. In addition, OPMP continues to provide suggestions for more workable mitigation options and other potential areas of refinement for EPA's assessments, we continue to participate in workshops, and we are co-leading with EPA a workshop to help identify additional mitigation options and supporting data/information.

*Question 20.* Under the Herbicide Strategy recently proposed by the Environmental Protection Agency (EPA), farmers across the country would need to implement costly mitigation measures as a requirement to use herbicides. In comments on this proposal, the USDA estimated it could cost as much as \$5.5 billion for corn growers in Iowa, Illinois, and Nebraska. Given that this cost estimate is for just one commodity grown in just three states, the nationwide cost of implementation is bound to be much higher. I understand that USDA has been actively engaging with EPA on this strategy. Secretary Vilsack, can you detail the interactions between USDA and the EPA on this strategy, specifically as it relates to the cost of implementation?

*Answer.* Through OPMP, USDA has raised with EPA its concerns around the potential costs of EPA's efforts to agriculture. We have documented our concerns on the impact via public comments on EPA's proposal as well as in-person conversations and discussions. USDA has also provided alternative proposals that may lessen the impacts on our grower stakeholders.

*Question 21.* The Environmental Protection Agency (EPA) recently proposed the Vulnerable Species Pilot Project which takes a draconian approach to pesticide restrictions, prohibiting producers from using pesticides in the ranges of the 27 selected species unless a producer implements at least four mitigations measures from a short list. Many of these selected mitigations are not appropriate for producers and have a high cost of implementation. In comments on this proposal, USDA predicted these areas could affect more than 3.1% of all cropped, forested, and pastured areas in the United States. Further, EPA has committed to expanding this pilot beyond the 27 selected species. Secretary Vilsack, can you detail how USDA has engaged with the EPA on the Vulnerable Species Pilot Project?

*Answer.* USDA has engaged with EPA on the Vulnerable Species Pilot Project (VSPP) by providing detailed public comments on the proposal and encouraging EPA to address the issues above. We know that, since the release of the VSPP, EPA has provided an update to the VSPP that addresses many, but not all, of the concerns raised (or describes how they will be addressed). We believe that EPA's active ef-

forts to refine any Pesticide Use Limitation Areas will reduce some impact on growers.

*Question 22.* Secretary Vilsack, as you know, USDA leads many of the Federal efforts managing invasive species and wildfire risks. The use of pesticides are important tools in these efforts to control invasive pests and weeds that threaten our forests, prairies, wetlands and the native species and rural communities that reside there. Has USDA considered what impacts recent EPA proposals—such as the Herbicide Strategy and Vulnerable Species Pilot Project—would have on the Department’s ability to use pesticides for these vital land management efforts?

*Answer.* USDA has considered the potential impacts of EPA’s ESA-related proposals to pesticide users; all users will be impacted to varying degrees. Estimating impacts on USDA’s land management efforts is impossible at this time with the level of information we have on EPA’s proposals, *i.e.*, we don’t know the mitigation expectations for the use of any individual pesticide, and we wouldn’t have that information until chemical-specific draft decisions are released. We will work actively with EPA during the re-evaluation of individual chemicals and during the implementation phase to help minimize impacts on USDA land management efforts.

*Question 23.* The 2018 Farm Bill authorized the Agriculture Advanced Research and Development Authority (AGARDA) pilot program to develop technologies and research tools for long-term agricultural research. Since then, AGARDA has received \$1 million in both FY 2022 and FY 2023 to get the pilot started; however, the program has still not been implemented and the strategic plan was just released last year. Secretary Vilsack, can you provide a status update on AGARDA and explain where the money appropriated has gone?

*Answer.* The limited initial discretionary annual appropriations provided for AGARDA has been used to support staff to develop the AGARDA Strategic Framework and host listening sessions to engage with partners and stakeholders. Funding constraints prevented us from dedicating a specific FTE to this initiative. About \$2 million from FY 2022 and 2023 appropriations have been obligated to support a high-risk, high-reward, pilot projects. However, until AGARDA is properly resourced, this program cannot be implemented to make these the further advancements and innovation in agriculture that were envisioned when this was included in the 2018 Farm Bill. American investment in public agriculture research and development has fallen behind, a decision that, left uncorrected, will impact the clothes we wear, food we eat, air we breathe, and the innovations we can achieve.

*Question 24.* According to the Animal and Plant Health Inspection Service (APHIS), only 20% of the Regulatory Status Review (RSR) timelines in FY 2023 were completed within the regulatory timeframe set forth by the SECURE Rule amendments to 7 CFR Part 340. Secretary Vilsack, what steps are the Department taking to ensure that RSR evaluations are completed within the specified timeframe moving forward? Will you commit to devoting the time and resources necessary to hasten these reviews?

*Answer.* APHIS is working hard to bring the completion of Regulatory Status Reviews into greater alignment with the target timeframes in 7 CFR 340. In FY 2024, APHIS made several improvements, including:

- Establishing a review team to identify and implement time-saving process improvements.
- Prioritizing recruitment and staff development for the work unit performing the evaluations.
- Completing the first phase of an information management system that enables more efficient tracking of key steps for pending Regulatory Status Review requests.

With these efforts, in the first half of FY 2024, APHIS completed 30 Regulatory Status Reviews (twice the number in completed in FY 2023), with over 60 percent of these reviews meeting the target timeframes under 7 CFR 340.

*Question 25.* The recent Executive Order on Safe, Secure, and Trustworthy Artificial Intelligence indicates that catalyzing AI research across the United States as a priority for the Federal Government. Prior to this Executive Order, the USDA National Institute of Food and Agriculture was already establishing itself as a leader in this space by partnering with the National Science Foundation to launch five agricultural-focused AI Institutes across the country. Secretary Vilsack, what is the Department’s plan for these AI Institutes moving forward? What additional steps will USDA take to ensure that the United States remains a leader in agricultural focused AI research?

*Answer.* Moving forward, the AI institutes will prioritize engaging stakeholders and addressing the social acceptance of AI technologies in agriculture. This includes fostering open dialogues, addressing ethical concerns around data privacy and fairness. The institutes will encourage cross-disciplinary research collaborations to tackle complex agricultural challenges holistically. They will identify and work on a wide range of research topics—from foundational AI to specific applications and sustainable practices. Efforts will be made to build new multidisciplinary communities and develop the workforce needed for an AI-powered revolution in agriculture through educational programs and training initiatives. NIFA will continue to strengthen partnerships and collaboration with the Agricultural Research Service (ARS). This joint effort aims to address research gaps, leverage expertise, and align efforts towards sustainability and food security. By implementing these strategies focusing on stakeholder engagement, multidisciplinary research, workforce development, and strategic partnerships, the AI institutes intend to position the United States as a leader in responsible AI adoption for transforming agriculture and food systems.

We remain committed to advancing this crucial endeavor. USDA will continue making investments in AI institutes, which is vital to position the United States as a global leader in foundation AI research tailored for transforming agriculture and food systems while prioritizing equitable practices.

*Question 26.* Our system of farm conservation has been extremely successful because it is producer-first, voluntary, incentive-based and, importantly, locally-led. Mr. Secretary, I continue to hear concerns from producers and stakeholders because IRA conservation funding is limited to so-called climate-smart practices. By restricting IRA conservation funding just to activities deemed climate-smart by the Department, a significant number of existing practices—some 30–70% depending on the state—cannot receive funding despite the proven natural resource benefits. How are you working to ensure the locally-led component of farm bill conservation programs is not lost?

Can you commit to doing more to protect the locally-led, voluntary, and incentive-based nature of farm bill conservation programs?

*Answer.* The locally-led process does and will continue to drive NRCS's work. The IRA provides significant funding to NRCS for its conservation efforts, and the statute directs NRCS to use IRA funds for or to prioritize climate mitigation purposes. While IRA focuses on climate mitigation efforts, many climate mitigation practices have significant co-benefits, and the locally-led process, starting with local workgroups and the State Technical Committees, assists State Conservationists with prioritizing local resource concerns for general farm bill funding that includes the wide array of soil, water, air, plants, and animals resource concerns. States have the flexibility to utilize numerous fund pools and establish local priorities through the locally-led process. Whenever possible, the agency has identified opportunities to maximize the impact of this funding, within its authority, in providing multiple conservation benefits while directly reducing greenhouse gas emissions and increasing carbon storage associated with agricultural production. I should add that these climate practices in IRA are our most popular with producers and the data backs that up. Just look at the tremendous demand for these practices in FY 2023, when the IRA made \$850 million available for climate-focused conservation, *and the applications NRCS received totaled a staggering \$2.8 billion.*<sup>2</sup>

These are voluntary, farmer friendly, and locally-led projects and practices and USDA is fully committed to helping producers with this work that in the long run can improve their soil, prevent erosion, earn farmers more money, potentially create new revenue streams, and increase their productivity.

*Question 27.* Mr. Secretary, a letter was recently sent to you by several Senators and Representatives requesting that waste storage facilities, biogas capture facilities, livestock feed management and waste separation facilities not be eligible for IRA conservation funding. What is USDA's position on this request?

*Answer.* On February 27, 2024, the USDA responded to the referenced letter stating that we evaluate all practices designated as climate-smart mitigation activities using a rigorous science-based, systematic process including compelling scientific literature, critical review of the best available evidence, and expert knowledge and experience.

According to the U.S. Environmental Protection Agency's Inventory of Greenhouse Gas Emissions and Sinks, in 2022 U.S. livestock farms emitted approximately 46 percent of the U.S. agriculture sector's greenhouse gas emissions. USDA support for

<sup>2</sup><https://www.usda.gov/media/press-releases/2023/09/19/usda-sees-record-interest-conservation-and-clean-energy-programs>.†

improved livestock manure and feed management technologies not only benefits farmers but also provides public benefit by reducing emissions. USDA works to ensure activities supported by its programs do not result in harmful localized impacts. When USDA supports voluntary farmer-implemented conservation, safeguards are in place to ensure public safety and environmental performance.

*Question 27a.* How will IRA funding be made available in the future for similar kinds of infrastructure or livestock-related conservation practices? Can USDA commit to the Committee that livestock producers will be given fair consideration and will receive contracts through IRA funding?

*Answer.* The Inflation Reduction Act (IRA) is authorized through September 2031. We anticipate that IRA and farm bill funding for infrastructure or livestock-related conservation practices may continue to be sustainable under flagship conservation programs, such as the Environmental Quality Incentives Program (EQIP). Through EQIP, NRCS provides agricultural producers with one-on-one assistance to plan and implement conservation improvements on livestock operations. Yes, USDA will commit that livestock producers will be given fair consideration and receive contracts through IRA funding.

*Question 28.* We've heard loud and clear from producers and stakeholders that RCPP agreements are extremely difficult to get approved due to an overly arduous process. Mr. Secretary, what specifically is USDA doing to help improve the administration of RCPP?

*Answer.* NRCS has identified ways to streamline and simplify RCPP, ease the burden on employees and partners, and help maximize flexibility for partners to leverage their investments with NRCS resources and capabilities. Through a concerted effort since the start of this Administration, USDA has taken steps to address those concerned with RCPP using guidance, feedback, and expertise from partners, employees, leadership, and stakeholders, NRCS has identified several improvements that the agency expects to implement in the months and years ahead such as:

- Streamlining RCPP agreements and moving to one programmatic agreement to begin implementing the RCPP projects awarded under the Fiscal Year 2024 notice of funding opportunity. This will allow partners to more quickly begin implementation of their RCPP projects.
- Entrusting program management and negotiation to the State Conservationists, who lead NRCS programs in each state, further encouraging the locally-led process and ensuring the necessary technical needs and costs were realized before project proposal submission.
- Establishing parameters and expectations for easement negotiations, including availability of easement deed templates and established program processes to reduce partnership agreement negotiation and implementation timeframes.
- Improving RCPP guidance and training, ensuring RCPP policies and procedures are communicated in a uniform and consistent manner.
- Enhancing existing business tools to improve the user experience while beginning development of new business tools that, through integration and automation, will reduce the time required for agreement negotiation, processing obligations, and making payments to partners.

The RCPP improvements are coming at a critical time, as they will strengthen NRCS's ability to implement the Inflation Reduction Act, which provided \$4.95 billion in additional funding for the program over 5 years.

*Question 28a.* As we move forward with a new farm bill, how can Congress help improve the program?

*Answer.* We ask that Congress continue to support us while we work to make positive changes for the American people. There is already an RCPP improvement effort underway that includes updates in this year's RCPP funding opportunity, as part of an ongoing effort to streamline NRCS conservation programs and efficiently implement the Inflation Reduction Act.

*Question 29.* Since "no net loss" of wetlands was adopted as a national goal in 1977, it has seen support from both Democratic and Republican Administrations. Has the Biden-Harris Administration reaffirmed this long-standing goal or refined the goal to express a goal for "net gain" in wetlands? What is your Administration doing to prioritize and support voluntary restoration of wetlands to mitigate wetland losses?

*Answer.* NRCS has been supporting the voluntary restoration of wetlands since the Wetlands Reserve Program began in 1992. The Agricultural Conservation Easement Program (ACEP) was enacted as part of the 2014 Farm Bill. Wetland Reserve

Easements (WRE) through ACEP allow private and Tribal landowners to protect, restore, and enhance wetlands that have been previously degraded due to agricultural uses. Through Fiscal Year 2023, NRCS has closed on 15,322 ACEP–WRE and predecessor program easements covering 2,842,078 acres.

On September 28, 2023, the *Biden-Harris Administration Announced a historic \$3 billion dollars for climate-smart*<sup>3</sup> practices on agricultural lands through the Investing in America agenda. NRCS identified priorities for ACEP investments under the Inflation Reduction Act.

In Fiscal Year 2023, NRCS enrolled 42 Wetland Reserve Easements through the Inflation Reduction Act. In fiscal year 2024, NRCS expanded the priority areas for ACEP Wetland Reserve Easements, prioritizing:

- Eligible land with soils high in organic carbon,
- Eligible lands that will be restored to and managed as forests like bottomland hardwood forests,
- Eligible lands in existing forest cover that will be managed as forests,
- Several geographically specific priorities (*i.e.*, former cranberry bogs, wet meadows, and ephemeral wetlands in grassland ecosystems).

The *Wetland Mitigation Banking Program*<sup>4\*\*</sup> (WMBP) also supports the development of mitigation banks for the restoration, creation, or enhancement of wetlands to compensate for unavoidable impacts to wetlands at another location. WMBP supports critical wetland restoration and protection while also expanding options for producers. These projects allow us to collaborate with states, local governments, and other qualified partners to restore, create, and enhance wetland ecosystems.

*Question 30.* The Migratory Bird Resurgence Initiative (MBRI) within the Environmental Quality Incentives Program has been a great success in the Prairie Pothole Region and the Pacific, Mississippi, and Central Flyways by creating habitat for migrating birds on private lands. Do you support the continuing and prioritizing of funding for this important initiative?

*Answer.* NRCS continues to be committed to supporting this important initiative. For the second time, in the spring of 2024, NRCS announced that it would be accepting applications from agricultural producers for enrollment in a special Environmental Quality Incentives Program (EQIP) sign-up. NRCS is investing at least \$12 million to support agricultural producers through the EQIP-MBRI, helping to protect and improve natural resources and habitat for migratory birds and other avian species in the Prairie Pothole Region and targeted areas of the Pacific, Mississippi, and Central Flyways.

*Question 31.* Mr. Secretary, by statute, the Rural Energy for America Program is limited to “agricultural producers and small businesses.” How has this limitation impacted the ability for agricultural producers to participate in the program through a member-owned cooperative?

*Answer.* The existing statute creates challenges for agricultural cooperatives (and farmers) wanting to use the REAP program. Agricultural cooperatives can only participate in the REAP program if they qualify as a small business as defined by SBA.

*Question 31a.* Do you, as the Secretary of USDA, have the ability to adequately define the term “small business” for the purposes of this program to address those concerns?

*Answer.* USDA continues to evaluate this.

*Question 32.* Siting for solar energy is becoming a bigger and bigger issue for my district. Solar developers are outbidding farmers for good, highly productive farmland. This has a lasting impact on local economies that depend on agricultural production. As you know farmland not only produces the food, fuel, and fiber this country needs, but also provides tremendous conservation benefits like cleaner air and water and habitat for wildlife. What is or what can the Department do to ensure that we don’t lose our most valuable and productive farmland to solar developments?

*Answer.* While renewable energy is growing rapidly, it remains less than one percent of the loss of farmland nationally, while 99 percent of farmland loss is driven

<sup>3</sup> <https://www.usda.gov/media/press-releases/2023/09/28/biden-harris-administration-makes-available-historic-3-billion>.†

<sup>4</sup> [https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/farmland/?cid=nrcs\\_eprd362686](https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/farmland/?cid=nrcs_eprd362686).

\*\* **Editor’s note:** the hyperlink results in an Error 404. The link for the Wetland Mitigation Banking Program on NRCS’s site is: <https://www.nrcs.usda.gov/programs-initiatives/wmpb-wetland-mitigation-banking-program>.

by suburban expansion. Federally funded projects—including wind and solar projects—must be evaluated for significant impact on farmland and alternative sites to minimize the use of Federal funds on unnecessary conversion of farmland to non-agricultural uses must be considered. This is legally required under the Farmland Protection Policy Act and guided by the USDA Natural Resource Conservation Service as part of the environmental review process. In 2022, 32 Federal agencies evaluated projects that combined, could potentially reach roughly  $\frac{1}{100}$  of 1 percent (0.014 percent) of farmland, and approximately  $\frac{3}{1000}$  of 1 percent (0.003 percent) of prime or unique farmland. That annual scale is comparable to findings from the last 15 years.

*Question 33.* Mr. Secretary, it has been roughly 2 years since USDA announced \$3.1 billion for 141 Climate-Smart Partnership projects, and it is my understanding that implementation began in late Spring 2023. We've heard from many stakeholders that it's been slow getting projects off the ground. How much money has gone out the door, and how much of that has reached farmers, ranchers, or foresters?

*Answer.* As of February 2024, USDA had finalized agreements for over 130 agreements ranging from \$250,000 to \$90,000,000 focused on expanding climate-smart markets. Many of these projects have already started enrolling producers. Based on the ambitious targets USDA has set with these projects, in 2023, nearly 2,000 producers were enrolled in the Partnerships for Climate-Smart Commodities initiative, encompassing nearly 2 million acres. The USDA expects to see these numbers continue to grow rapidly, estimating at least 50,000 farms reached in the next 5 years, encompassing more than 25 million acres of working land engaged in climate-smart production practices like cover crops, no-till, nutrient and manure management, as well as pasture and forest management.

*Question 33a.* Are you on track to reach the stated goal of an emissions reduction of 60 million metric tons of CO<sub>2</sub>?

*Answer.* Yes, USDA is working with partners on expanding climate-smart markets through Partnerships for Climate-Smart Commodities projects that we estimate will result in these reductions. In producing climate-smart commodities, a broad range of climate-smart practices across different types of commodities is being applied, and we're learning from projects on how to scale these practices across thousands of farms. These include soil health practices, such as no-till, cover crops, and intensive grazing that sequester carbon; practices that reduce methane emissions, like manure management practices, covering lagoons, and alternative wetting and drying on rice; and fertilizer management practices, including using enhanced efficiency fertilizers to reduce nitrous oxide emissions. These projects plan to also test innovative approaches to measure and monitor the climate benefits from these practices, and the approaches include testing innovative measurement technologies, leveraging satellite data, employing blockchain, developing new data collection systems, and scaling estimation methods to provide credible greenhouse gas benefits at low cost.

*Question 34.* Mr. Secretary, the Security Exchange Commission plans to release the final rule for its climate disclosure proposal in April 2024. Since the SEC initially proposed the rule, it has received significant backlash, specifically on the question of SEC's authority to require companies to disclose scope three emissions. How have you worked with the Chairman to relay the detrimental impacts this rule would have on the United States agriculture industry?

*Answer.* USDA engaged with the Chairman and SEC staff to communicate the potential implications and concerns regarding their climate disclosure rule. At the time the proposed rule was being considered, USDA provided feedback on options under consideration, including concerns around the potential burden of Scope 3 reporting requirements. On March 6, 2024, the SEC adopted final rules to enhance and standardize climate-related disclosures by public companies and in public offering. The final rules will provide more consistent, comparable, and reliable information about the financial effects of climate-related risks on a registrant's operations and how it manages those risks. SEC noted that "while many investors today are using Scope 3 information in their investment decision making, based upon public feedback, we are not requiring Scope 3 emissions disclosure at this time." We will continue to follow the developments of greenhouse gas emissions and climate-related financial risk regulation and ensure that SEC is informed on the implications of potential approaches on the suppliers of agricultural and forestry commodities.

*Question 35.* On December 19, 2023, the Rural Utilities Service issued a correction notice in the *Federal Register*, amending the Notice of Funding Opportunity (NOFO) for the Community Connect Program for Fiscal Year 2023. This correction extended the application window to February 20, 2024, and notably altered the definition of



an eligible Proposed Funded Service Area, shifting from areas lacking broadband service of 25/3 Mbps to those lacking service of 10/1 Mbps, aligning with the 2018 Farm Bill requirements.

We have heard from stakeholders who have expressed concerns that this correction has adversely affected entities' eligibility, leading to wasted time and resources in their application process. Can you provide insights into the events that prompted the corrective notice to the March 20th NOFO, and what measures can the Department implement in the future to prevent such occurrences, ensuring that rural communities do not expend valuable time and resources on ineligible applications for USDA programs?

*Answer.* Unlike the 2018 Farm Bill broadband program, the agency did not realize that the Community Connect program's definition of broadband service was fixed at 10/1 Mbps, without the ability to revise the minimum level of service. The FCC's definition of broadband service was 25/3 Mbps at the time, and the agency mistakenly attempted to align the definition with them but did not apply. Once the error was known, the agency was quickly required to reverse course. Going forward with the program, the flexibility to define broadband would allow USDA to adjust the definition of broadband to be consistent with consumer demand and the FCC changes in the definition of broadband. Note that the FCC changed the definition of broadband service to 100/20 Mbps in March 2024 and has adopted a long-term goal of 1 Gbps/500 Mbps, and so the Community Connect program is drastically out of step with the rest of the Federal Government and the industry.

*Question 36.* Mr. Secretary, USDA has consistently increased the build-out speeds in the ReConnect Program since its inception. Most recently, in Rounds 3 and 4, entities must now deliver symmetrical 100/100 speeds, up from 25/3 speeds in Rounds 1 and 2. This symmetrical speed mandate seems to diverge from the statutory directive that the ReConnect Program maintains "technological neutrality" and avoids favoring any particular technology. Could you provide us with the reasoning behind the Department's decision to institute a universal symmetrical speed requirement, seemingly favoring fiber optic networks while potentially undermining the technological neutrality principle?

Can you share with us what specific data the department relied upon to determine that retail broadband customers require symmetrical broadband speeds?

*Answer.* The symmetrical 100/100 build-out speed was chosen to fulfill the Congressional mandate to "future proof" the investment in rural broadband infrastructure. Early build-out investments in rural broadband infrastructure were based on the definition of broadband at that time. This was 10/1. Broadband demand has expanded well beyond that definition. It is important that current broadband infrastructure investments, the so-called "once in a lifetime" opportunity, meet current and future consumer needs. Data on consumer broadband subscriptions show a dramatic and rapid shift to high-speed broadband.

In addition, the rapid advancement of precision agriculture technology is creating a rapid increase in on-farm need for high-speed broadband. The nature of precision agriculture broadband relies on upload as well as download speeds. Symmetric high-speed broadband is a vital tool enabling the agriculture sector to fully utilize the benefits of precision agriculture.

Finally, 100/100 symmetric broadband is an important component supporting emergency communications in rural areas.

The build-out speed requirement is based on current and future customer needs, including precision agriculture and emergency communications. This is a technology-neutral approach. Any type of technology that meets this standard can be supported. Significant advances in fixed wireless technology put the 100/100 symmetric standard within its reach.

The 100/100 symmetric standard is consistent with the FCC proposed "long-term speed goal of 1 Gbps/500 Mbps to give stakeholders a collective goal towards which to strive—a better, faster, more robust system of communication for American consumers." [<https://docs.fcc.gov/public/attachments/DOC-400675A1.pdf>] †

*Question 37.* Mr. Secretary, as you know, there have been concerns about staffing challenges within the USDA, particularly in the Rural Development Office based in Washington, DC. In previous hearings, you mentioned that USDA Rural Development is facing 'difficult strategic decisions' regarding budget and staffing. Could you elaborate on these challenges and outline your strategy to address them, ensuring that Rural Development has the necessary staff to effectively carry out its mission?

*Answer.* Since 2010, the staffing in Rural Development has been declining as the programs have increased exponentially. Based on a study done in 2020, the optimal staffing level for RD is 6,800 FTE to support the necessary loan, grant-making, and servicing needs across RD. Due to budget considerations, we are requesting 4,671

FTE in the 2025 Budget. Between regular appropriations averaging \$48 billion in program level in the last 3 years, IRA funding supporting \$12.2 billion in budget authority, and the \$2 billion provided in the Bipartisan Infrastructure Bill, RD is struggling to deploy this unprecedented funding levels with the same amount of people for the last 3 years. Additionally, RD struggles to provide the much-needed continued servicing and support of the recipients of the RD funding provided year-over-year. USDA is also focusing on supporting disadvantaged communities that need additional assistance from the Federal Government. The 2025 budget is requesting a modest increase to continue to support our regular program. For the supplemental programs we received, with the authorities provided in the law, we are able to provide the administrative support to deploy the supplemental programs, however, the continued servicing and support to our customers remains a challenge. RD is also evaluating their IT processes and developing a full business case analysis in several areas to determine the most cost-effective and efficient automation available towards streamlining our automation solutions. We will continue communications with Congress indicating our progress on delivering the funding provided.

*Question 37a.* In your testimony, you mention the Rural Partners Network, which was created to provide full-time Federal staffers on-the-ground in certain rural communities to assist the community in applying to Federal programs by providing technical assistance.

Can you elaborate on the number of Federal staff that you have selectively placed in certain rural communities? How has this expenditure on staff impacted the department's ability to meet the strategic challenges you just outlined?

*Answer.* The Rural Partners Network was launched in April 2022 with the express purpose to address the needs of distressed rural communities that have long been challenged by substantial under-investment through Federal resources. RPN is a recognition that the Federal Government can do more to support these communities. The addition of the Federal staff we have hired to support the identified communities and the collaboration amongst 25+ Federal agencies has led to increased visibility and access to Federal programs. For example, in Fulton County, Kentucky, local leadership leveraged RPN to address long-standing challenges in the transportation space leading to significant investments from the Department of Transportation. It is one thing to make opportunities available to rural communities, but if we are seeking to assist a small community with a part-time Mayor and a town clerk, there is also a need to assist with significant capacity challenges. RPN exists to fill and strengthen those capacity gaps.

Specifically, we have hired 36 staff supporting 36 multi-jurisdictional networks across the country. That same staff also supports additional distressed rural communities in the states in which they reside to connect these communities to appropriate resources. While they are USDA employees, this staff serves as excellent ambassadors to Federal programs beyond just USDA and have directly leveraged over \$300 million in assistance to RPN communities. Given the value proposition, this staff positively impacts USDA's ability to meet our strategic challenges, while also supporting our Federal partners' efforts to address needs in underserved communities. We have received requests from additional communities and would love an opportunity to implement RPN in more places, with consideration for smart expansion based on budget and needs.

*Question 38.* Mr. Secretary, the Rural Innovation Stronger Economy (RISE) Grant Program has been quite popular as it helps rural communities foster job creation and support new businesses. However, there remains a pressing concern among my constituents regarding existing workforce challenges. Sectors such as telecommunications, water and wastewater services, electric services, health care, and other key community services are experiencing a scarcity of prospective employees.

As we work on drafting the upcoming farm bill, what strategies do you envision to more effectively address these current workforce challenges we see in rural America?

*Answer.* The Rural Innovation Stronger Economy (RISE) Grant Program, launched in the last farm bill, has experienced high demand since inception, however, the challenges to the program have been funding levels and oversubscription. The RISE program received a portion of authorized funding in Fiscal Years 2021, 2022, and 2023 with no funding in FY 2024. There were 16 awards made out of nearly 400 applications in those years.

The RISE program provides funding for collaborative regional stakeholder projects addressing current workforce challenges in rural areas. In particular, RISE helps secure funding for innovative programs, which results in providing a solution to one of the key workforce challenges in rural areas, high-paying jobs. Additionally, with an aging population in rural areas, shortages of highly skilled labor continue to

occur. Programs such as RISE help address innovative regional planning and implementation to provide high-paying jobs and to train rural citizens in skilled employment.

*Question 39.* In October 2023, the USDA and the Small Business Administration signed a memorandum of understanding (MOU) focused on aspects such as capital access and support for businesses in rural America, reminiscent of a previous MOU from early 2018 that lapsed last year. Could you highlight the lessons learned from the 2018 MOU, discuss how both agencies aim to enhance their collaborative efforts, and provide us with your expectations on the anticipated benefits this collaboration will bring to rural America?

*Answer.* The 2018 MOU did not take advantage of all the potential synergies across the Department of Agriculture, and its focus was limited to the Rural Development mission area.

The 2023 MOU expanded upon the previous MOU by including more mission areas and agencies explicitly in the MOU thereby providing more opportunities for collaboration across both agencies. There is a table of synergies where USDA and SBA can strengthen their partnerships and break down silos to provide greater access to capital and opportunities in rural America.

Right now, USDA is making sure small businesses in Rural Partners Network (RPN) community networks can take advantage of SBA's HUB Zone programs. Our expectations are that through the MOU, USDA and SBA will take advantage of the existing synergies. We also expect more opportunities for cooperatives to have access to SBA products and tools to support rural communities.

*Question 39a.* The recently signed MOU in October delineates potential synergies between the USDA and the Small Business Administration in the realm of lending. While collaboration is crucial, I want to emphasize the significance of USDA's lending programs, specifically tailored to our farmers. Can you assure that these programs will not be compromised by the involvement of another agency, and commit to ensuring their continued effectiveness?

*Answer.* The focus of the MOU is providing access to capital to rural small businesses that are uniquely at a disadvantage. The MOU will also help cooperatives access SBA products since their business structure limits the eligibility for SBA programs. The MOU serves to complement USDA programs rather than as a substitute for USDA programs that lend to our farmers.

*Questions Submitted by Hon. Austin Scott, a Representative in Congress from Georgia*

*Question 1.* Mr. Secretary, as you know, Section 1005 of the American Rescue Plan was intended to provide loan forgiveness to "socially disadvantaged" borrowers, based solely on race and ethnicity and irrespective of any other factors. In response to the filing of *Holman v. Vilsack*, a court opinion dated July 8, 2021 declared a nationwide injunction on all debt forgiveness in which the judge concluded that USDA was unable to prove that the loan forgiveness failed to meet the necessary tests, that the "Plaintiff has shown a substantial likelihood that he will prevail on his claim that Section 1005 violates his right to equal protection under the law" and that "the remedy chosen and provided in Section 1005 appears to fall well short of the delicate balance accomplished when a legislative enactment employs race in a narrowly tailored manner to address a specific compelling governmental interest.". Ultimately, Section 1005 was repealed via the Inflation Reduction Act and the case is moot, yet the legal rationale for the injunction remains valid. One would think your Department would consider this court ruling in the development of future efforts that provide relief based on racial and ethnic factors, yet it seems that your Department is doubling down.

*Answer.* USDA makes all efforts to ensure that its actions are consistent with the law.

*Question 2.* In the Extending Government Funding and Delivering Emergency Assistance Act (P.L. 117-43) Congress provided funding to cover losses due to a litany of disasters occurring in 2020 and 2021. In order to ensure equity amongst producers who paid substantial premiums for insurance and risk management coverage *vs.* those that did not, Congress instructed USDA that any calculation utilizing crop insurance indemnities should utilize net indemnities (*i.e.*, "minus any premiums or fees paid for such coverage") rather than gross indemnities. This essentially resulted in a premium rebate that was provided to all producers. Yet in the assistance for 2022 losses provided by the Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328), USDA decided to arbitrarily exclude white males from receiving this premium rebate despite no material changes in the statutory text. Mr. Secretary, in the absence of direction from Congress and in light of the court's opinion in *Hol-*

*man v. Vilsack*, please explain your rationale for this clearly discriminatory administrative decision. Mr. Secretary, I continue to hear from family farmers in my district about the failure of the 2022 Emergency Relief Program for Production Agriculture. Farmers were already anticipating a lower level of disaster assistance for their losses due to lack of funding, only to learn that USDA in D.C. had implemented a new methodology for ERP that would only pay a fraction of what was already a partial payment on losses. If Congress approves disaster assistance funding for crop year 2023, do you anticipate USDA using the same ERP structure as in 2022?

*Answer.* USDA can deliver more assistance to disaster-affected producers when available funding more closely aligns with uncovered losses. If Congress authorizes additional disaster assistance funding for crop year 2023, USDA will carefully consider that statutory authority and the funding provided in designing disaster assistance.

As I have shared with many others on this Committee, for disasters occurring during the calendar years 2020 and 2021, Congress authorized \$10 billion in emergency relief funding to assist agricultural producers impacted by wildfires, droughts, hurricanes, winter storms, and other eligible disasters. Yet, in early conversations about the need for 2022 emergency relief assistance, USDA informed Congress that the estimated disaster-impacted producers incurred at least \$10 billion in uncovered losses. Actual numbers are closer to \$12 billion in uncovered losses.

Given that available funding for crop losses (approximately \$3.2 billion) was substantially less than the estimated costs to adequately cover 2022 disaster losses, USDA designed a program within those funding constraints and within the statutory authority.

USDA used its discretion to design a program to deliver more benefits to the majority of producers. The end result was a more advantageous, equitable distribution of the limited funds to more producers in need of assistance. Specifically in your home state of Georgia, the ERP 2022 progressive factoring option resulted in more advantageous than the flat factor for 75% of Georgia program participants, approximately 3,212 producers.

*Question 3.* I saw the USDA press release yesterday where you announced yet another new conservation program hiring additional staff for USDA. Small, medium, and large size growers, as well as lenders, community banks, and farm credit, are telling me and my staff that the current 2018 Farm Bill programs are not functioning effectively with the increased input costs of production farmers have experienced. Your own staff has issued reports, both before the Holidays and recently, that demonstrate a continued slide in net farm income and an agricultural trade deficit. We are going to lose a generation of farmers unless we shift from climate initiatives to a focus on production agriculture. You have the resources to work with the Committees on how to increase reference prices, and where to find funding, for farmers that are producing our food and fiber. Will you ask your staff to spend more time on how to address the financial situation of production agriculture *versus* how to expand climate initiatives?

*Answer.* Thank you for your question, I expect the press release you recently saw was related to the February 12, 2024 announcement that USDA was hiring staff to help with the record numbers of applications from farmers, ranchers, and rural small businesses that are seeking USDA funding for clean energy projects under the *Rural Energy for America Program*<sup>5</sup> (REAP). Those new positions were funded by the IRA and are necessary to ensure that our nation's small-, medium-, and large-size producers, rural businesses, and communities are able access the historic IRA funding to make clean energy improvements at their farms, ranches, and businesses that will help them to lower energy costs, bring in new streams of income, and also address climate change. It is a false dilemma to think that acting on climate change and supporting those IRA programs is not also helping farmers financial bottom lines.

With respect to farm income USDA has taken unprecedented actions to level the playing field so that our small and mid-sized farmers can get a fair price for their products, while making billions of dollars in transformative investments through the ARP and IRA to create new markets and new income opportunities for family farmers so it is not simply the old proposition of get big or get out. USDA will continue to focus its efforts on helping these producers by enhancing economic resiliency and robust price competition, increasing our farmers' and ranchers' earnings, increasing the ability to compete, and keeping farming viable and rural communities thriving.

<sup>5</sup><https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-renewable-energy-systems-energy-efficiency-improvement-guaranteed-loans>.

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

*Question 1.* Mr. Secretary, domestic competitiveness is very important for all producers. In your trade agenda, with Under Secretary Taylor, you've stated trade should benefit everyone, but specialty crops especially are facing import pressures and problems with domestic competitiveness. Besides RAPP, what can the USDA do to enhance domestic product competitiveness against imports?

*Answer.* On November 9, 2023, USDA announced the Specialty Crops Competitiveness Initiative (SCCI) as part of a larger effort to support specialty crop producers. The objective of SCCI is to better focus USDA resources and identify needs to support the competitiveness of U.S. specialty crops in domestic and international markets, minimize costs, manage pests and diseases, strengthen supply chains, and support climate outcomes. Senior USDA officials have held roundtable meetings to meet directly with specialty crop stakeholders in Arizona, California Colorado, Florida, Georgia, Michigan, Pennsylvania, and Washington State. Currently, USDA is reviewing comments on the Request for Information, published in the *Federal Register* that closed on March 8, 2024.

Utilizing a portion of Commodity Credit Corporation (CCC) funding, the Foreign Agricultural Service (FAS) developed a \$100 million initiative designed to address the unique export challenges of the specialty crop sector and provide support to overcome them. The effort, known as the Assisting Specialty Crop Exports Assisting Specialty Crop Exports (ASCE) initiative, will complement, but not replicate, support already provided through the Market Access Program (MAP) and the Technical Assistance for Specialty Crops (TASC) program. This initiative is an opportunity for FAS to partner with the specialty crop industry beyond the provision of grants, by leveraging the depth and breadth of USDA's expertise to address foreign trade barriers. We will match that expertise with specific industry-identified bottlenecks. USDA will design projects based on industry feedback. Funds will be directed to organizations that can deliver the education, the data collection, or the research needed to address the export barriers identified.

*Question 2.* Mr. Secretary, the Emergency Relief Program had different implementation approaches from 2021–2022, putting California producers at a disadvantage. Changing process is difficult for producers and the payments are so low many producers found the process not worth it. How can the USDA create more certainty for producers impacted by disasters?

*Answer.* For disasters occurring during the calendar years 2020 and 2021, Congress authorized \$10 billion in emergency relief funding to assist agricultural producers impacted by wildfires, droughts, hurricanes, winter storms, and other eligible disasters.

In early conversations about the need for 2022 emergency relief assistance, USDA informed Congress that the Department estimated disaster-impacted producers incurred at least \$10 billion in uncovered losses. Actual numbers are closer to \$12 billion in uncovered losses.

Given that available funding for crop losses (approximately \$3.2 billion) was substantially less than the estimated costs to adequately cover the disaster losses for 2022, USDA designed a program within those funding constraints.

USDA can deliver additional assistance to disaster-affected producers when available funding more closely aligns with uncovered losses. Permanent disaster authority and funding would provide certainty for producers that additional resources are available to reduce the impact of uncovered losses when unexpected disasters occur.

*Question 3.* Mr. Secretary, the current labor shortage continues to be a big issue for farmers across the country and in my district, especially for the specialty crop industry. Although your agency does not have direct jurisdiction on the H-2A temporary worker program, the USDA can further the advancement of mechanization and automation research and development.

*Answer.* See response to LaMalfa *Question 3a*.

*Question 3a.* What conversations have your Administration had on the topic and is anything being done to further mechanization research and development?

*Answer.* Title VII, Section 7610 of the Agriculture Improvement Act of 2018 includes a request to identify programs of the USDA that accelerate the development and use of automation or mechanization in the production or processing of specialty crops. USDA has six such programs in the Agricultural Marketing Service, the Agricultural Research Service, and the National Institute of Food and Agriculture. The USDA Economic Research Service submitted a report to Congress in 2020 describing these programs (<https://www.ers.usda.gov/publications/pub-details/?pubid=95827>).<sup>†</sup>

USDA has leveraged several opportunities provided by Congress to accelerate the development and use of automation or mechanization in the production or processing of specialty crops. The Agricultural Marketing Service (AMS) provides a variety of services to establish the quality and availability of agricultural products for U.S. consumers and market opportunities domestically and internationally for U.S. agricultural producers. Support for rural America and the Nation's agricultural sector is provided, in part, through a variety of AMS-managed competitive and non-competitive grant programs, including the Specialty Crop Block Grant Program (SCBGP). The SCBGP is a non-competitive grant program, which provides funds (approximately \$72.3 M in FY 2024) to state departments of agriculture to enhance the competitiveness of specialty crops. Promoting new research and development is one of seven key outcomes and performance measures under the SCBGP, which USDA actively monitors and evaluates as part of an annual performance report. Legislative authority is provided under section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. § 1621 note) and amended under section 10107 of the Agriculture Improvement Act of 2018, Public Law 115-343 (the farm bill).

Under the SCBGP, State Departments of Agriculture have utilized funding to administer a wide range of projects promoting mechanization and automation efforts, including unmanned aerial systems/drone technology, precision agriculture, and artificial intelligence.

*Question 3b.* Has your agency identified any ways in which your sub departments can implement these strategies?

*Answer.* See response to LaMalfa *Question 3a.*

*Question 4.* Mr. Secretary: Recently, the EPA finalized a proposal that will lower the National Ambient Air Quality Standards (NAAQS) for Particulate Matter 2.5. Additionally, USDA just concluded a comment period for a proposal that would implement a land management plan change to all national forests specifically for old growth. States in the West like California have tremendous fuels treatment needs and this new standard could significantly limit the number of windows available for land managers to conduct essential prescribed burns to prevent future catastrophic wildfires.

Given the catastrophic impact of wildfire in the West, can you discuss what kind of impact EPA's new rule as well as a new-found focus on old growth will have on other Forest Service priorities such as the 10 year strategy for confronting the wildfire crisis?

*Answer.* We believe the proposed amendment will provide more certainty, which will facilitate, rather than hinder, implementation of the Wildfire Crisis Strategy and other priorities.

*Question 4a.* Regarding the PM<sub>2.5</sub> rule, have the agencies discussed how to address prescribed fire on private lands?

*Answer.* The EPA strengthened the primary (health-based) annual fine particulate matter (PM<sub>2.5</sub>) National Ambient Air Quality Standard (NAAQS) from 12 micrograms per cubic meter to 9 micrograms per cubic meter. The stronger standard may affect burners of wildlands regardless of land ownership whether Federal, state, Tribal, local, or private land. Since the EPA released the Notice of Proposed Rulemaking (NPRM) in early 2023, the USDA, Forest Service, EPA, DOI, and CDC have been discussing potential implications of the revised NAAQS at leadership to staff levels. On November 9th of 2023, EPA Administrator Michael S. Regan, DOI Secretary Deb Haaland, USDA Secretary Tom Vilsack and Director of CDC Mandy Cohen announced a *Memorandum of Understanding*<sup>6</sup> (MOU) to further their joint work to protect communities from the impacts of wildfire smoke, while promoting land management practices that reduce the risk of large, severe wildfires which includes strategic use of prescribed fire (*Biden-Harris Administration Agencies Sign Interagency Agreement to Address Wildfire Risk and Protect Communities from Smoke* <sup>6</sup> *The White House*).

The Forest Service, EPA, DOI, and CDC released a joint workplan outlining wildland fire-related priorities the agencies will focus on for fiscal years 2024–2025. This workplan, which had activity starting in 2023, specifically builds on concerns about the implementation of the new standard for all landowners that use prescribed fire on wildlands. One of the joint exercises, a multi-day tabletop effort held in Georgia in January 2024, highlighted the specific challenges for private landowners who use prescribed fire and how Federal, state, and local forestry, air quality, and public health agencies will need to work together to ensure continued use

<sup>6</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2023/11/09/biden-harris-administration-agencies-sign-interagency-agreement-to-address-wildfire-risk-and-protect-communities-from-smoke/>.<sup>†</sup>

of prescribed fire under the revised PM<sub>2.5</sub> standard. As the standard is now effective, the EPA, USDA, Forest Service, DOI, and CDC are continuing the work to evaluate implementation of the standard, efficient application of pertinent existing Clean Air Act regulations that affect prescribed fire use and to work together to build tools to support an alignment of land management and air quality objectives.

*Question 4b.* What measures are in place to ensure we can use prescribed fire regardless of jurisdiction?

*Answer.* As part of the aforementioned MOU and workplan, the application of the EPA's *Exceptional Events Rule*<sup>7</sup> (EER) (*Treatment of Air Quality Monitoring Data Influenced by Exceptional Events* | U.S. EPA<sup>7</sup>) will be an important tool for maintaining wildland prescribed fire use for all jurisdictions under the revised annual PM<sub>2.5</sub> standard. After meeting provisions of the Rule, the EPA allows for exclusion of data influenced by prescribed fires on wildland in the context of an action of regulatory significance. Such actions include initial area designations, which is currently ongoing following the final NAAQS revision. Thus, states may seek exclusion through the EER for data influenced by prescribed fires on wildland, consistent with the EER, for purposes of the initial area designations process. The EPA and other signatories to the MOU have developed several tools and approaches to make the EER process as efficient as possible to aid in this monitoring data being subsequently excluded for purposes of initial area designations. The MOU has facilitated productive conversations with EPA and we are exploring frameworks that will allow state, local, and Tribal air managers to avoid the burden of unneeded analysis, have needed data readily available, and other efficiencies that meet the needs of air managers while avoiding creating a disincentive for the use of prescribed fire on wildlands regardless of jurisdiction.

*Question 5.* Mr. Secretary: The Fish and Wildlife Service recently proposed an updated policy and new rule for management of the National Wildlife Refuge System focused on Biological Integrity, Diversity, and Environmental Health (BIDEH). In the section of the proposal entitled "Management activities and uses with potential to ensure biological integrity, diversity, and environmental health," FWS proposes to ban native predator control, the use of genetically engineered organisms, and agricultural uses, except where required by statute or other limited reasons. Farmers and ranchers are an important part of the refuge system, and indeed the FWS website says "Cooperative agriculture—partnering with farmers and ranchers to meet wildlife management objectives—is a long-standing practice on national wildlife refuges." You have testified before this Committee and given speeches expressing concern about farms getting pushed out of business in recent years.

Was USDA consulted about these proposals in its capacity as part of the Federal Government's coordinated, risk-based system to ensure that new biotechnology products are safe for the environment and human and animal health?

*Answer.* USDA's APHIS was not consulted as part of the Coordinated Framework. USDA welcomes the opportunity to collaborate with the Service as it determines next steps and as contemplated in the U.S. Coordinated Framework for the Regulation of Biotechnology, which describes how Federal agencies will work together to ensure the safety of biotechnology products.

*Question 5a.* Was USDA consulted about the impact that removing agriculture from the Refuge System could have on family farms and rural communities?

*Answer.* USDA's APHIS was not consulted on this rule.

*Question 6.* Mr. Secretary, I continue to be concerned about Buy American requirements in school meals. American dollars should support American-produced food products. U.S. farmers produce some of the safest and most nutritious food worldwide for our families and children while creating American jobs. I have a bill to tighten some of these requirements and sent a letter with my colleagues about the requirements in your proposed school meals rule.

Can you commit that any final rule on school meals will tighten Buy American requirements and close the current loopholes that allow overseas fruits and vegetables that could be bought from farmers in my district?

*Answer.* The Biden-Harris Administration shares your commitment to prioritizing American products in the school meal programs. Under the National School Lunch Act, all schools participating in Federal school meal programs are required to purchase domestic commodities and products "to the maximum extent practicable." Implementing guidance provides two exceptions under which schools may purchase non-domestic foods:

<sup>7</sup> <https://www.epa.gov/air-quality-analysis/treatment-air-quality-monitoring-data-influenced-exceptional-events>.<sup>†</sup>

- (1) When a product is not produced or manufactured in the U.S. in sufficient and reasonably available quantities of a satisfactory quality; or,
- (2) When the cost of the U.S. product is significantly higher than the foreign product.

Recently proposed regulations entitled “*Child Nutrition Programs: Revisions to Meal Patterns Consistent with the 2020 Dietary Guidelines for Americans*”<sup>8</sup> would strengthen Buy American requirements for school meals and would make it easier for schools to buy locally grown foods.

In order to further strengthen the Buy American provision, USDA proposed to institute a five percent ceiling on the non-domestic commercial foods a school food authority may purchase per school year. By proposing to institute a five percent cap, USDA is balancing the intent of the Buy American provision to support American farmers and ranchers while also recognizing that there are times when purchasing domestic foods is not practicable for schools.

Furthermore, the proposed regulations would make it clear that schools can use a geographic preference to procure local food for school meals.

USDA Foods in Schools purchases about 2 billion pounds of food from American farmers each year, which makes up about 15 to 20 percent of the food served in the National School Lunch Program. All USDA Foods must be domestically produced.

Additionally, the USDA Department of Defense Fresh Fruit and Vegetable Program (USDA DoD Fresh) helps schools to use USDA Foods entitlement dollars to buy fresh domestic produce, offering schools a variety of U.S.-grown whole and pre-cut fresh fruits and vegetables. In Fiscal Year 2023, more than 42,000 schools placed orders for weekly deliveries of American-grown fresh fruits and vegetables through USDA DoD Fresh spending over \$552 million in support for domestic fruits and vegetables.

*Questions Submitted by Hon. Trent Kelly, a Representative in Congress from Mississippi*

*Question 1.* The states of the Lower Mississippi Valley, especially my home state, experienced historic conversion of wetlands to produce the food and fiber necessary to feed and clothe our nation. The broad suite of USDA conservation programs, especially the Wetlands Reserve Easements, are popular with our producers and benefit society broadly. What is your Administration doing to ensure significant funding continues to flow to this region for producers to voluntarily restore wetlands?

*Answer.* NRCS is updating its processes around easement acquisition activities including appraisals and land surveys to enroll land into easements. NRCS plans to encourage procurement of land surveys earlier in the acquisition timeline, such as when an application has been tentatively selected for an ACEP–WRE enrollment. NRCS is also increasing its use of partnerships to assist with acquiring the land surveys and has simplified the review process for producer-acquired land surveys. This will speed up the time it takes producers and landowners to enroll.

These improvements are the first step in an ongoing effort to streamline ACEP and ensure that significant funding can flow to the region through easier and convenient utilization of the program. The improvements will also strengthen implementation of the Inflation Reduction Act, which included 1.4 billion in additional funding for ACEP over 5 years.

NRCS annually announces additional funding opportunities through the Wetland Reserve Enhancement Partnership (WREP). The purpose of WREP enrollment is to target and leverage resources to address high-priority wetland protection, restoration, and enhancement objectives through agreements with states.

*Question 2.* Inflation Reduction Act funding was intended to support climate-smart conservation practices and help level the playing field for historically underserved producers to adopt these practices. My state, along with the other Southern states, has the greatest proportion of producers in the U.S. How much of the IRA funding and in what proportion has been provided for climate-smart practices and historically underserved producers in our region?

*Answer.* NRCS has continued to reach out and interact with the historically underserved groups. In addition to this targeted outreach, NRCS has been looking at ways to streamline programs and reduce barriers to program participation. Below is a table showing the amount of IRA funding for CSP and EQIP at a national level and in the Southeast Region. The states included in the Southeast region are Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and the Caribbean Area.

<sup>8</sup> <https://www.fns.usda.gov/cn/fr-020723>.†



Location	Program	Obligations	Percent HU Obligations
National	CSP IRA	\$170,963,915	22.3%
	EQIP IRA	\$147,539,391	39.5%
Southeast	CSP IRA	\$60,415,217	30.0%
	EQIP IRA	\$41,590,976	50.9%

Through the Rural Energy for America Program, in FY 2022 and FY2024 so far, the Rural Development has obligated over \$362 million to projects serving historically underserved producers across the country, which represents nearly 4% of the program. For the States of North Carolina, South Carolina, Kentucky, Tennessee, Georgia, Florida, Alabama, Louisiana, Mississippi, Oklahoma, Arkansas, and Texas a total of over \$122 million has been invested in underserved communities.

Projects by underserved producers score higher and are prioritized by our Technical Assistance providers for outreach and support to underserved communities.

*Question 3.* Thank you for USDA's leadership in promoting voluntary and incentive-based climate-smart agriculture programs. Robert Bonnie, Under Secretary for Farm Production and Conservation, has made the case that technology will be critical to ensuring farmers can reduce greenhouse gas emissions while maintaining global food supplies. Bonnie has noted that some climate-smart practices are dependent on the use of herbicides. Secretary Vilsack, how is USDA working with EPA to ensure that growers have access to safe and effective pesticide tools to continue to utilize climate-smart agriculture practices and meet our sustainability goals?

*Answer.* The USDA is led in pesticide policy by the Office of Pest Management and Policy (OPMP) and the Natural Resources Conservation Service (NRCS), which actively works with the Environmental Protection Agency (EPA) on the registration of new active ingredients and pesticide registration review. OPMP and NRCS coordinate Departmental activities and services regarding the development, availability, and use of economically and environmentally sound pest management tools and practices.

- USDA provides EPA with the most accurate data available to help ensure that pesticide decisions are based on modern, realistic agricultural practices.
- USDA reviews and responds to proposed pesticide risk mitigation strategies.
- USDA conducts surveys and analyzes available data to answer pest management-related research questions.
- USDA communicates with stakeholder groups regarding pest management-related decisions and policies.

On February 6, 2024, the USDA signed a memorandum of understanding (MOU) with the EPA. This MOU describes how EPA can reference NRCS conservation practices so that growers who voluntarily perform those practices can meet pesticide label requirements.

*Question 4.* Congress directed the EPA to consult with USDA and ESA-FIFRA Interagency Working Group members to develop measures to reduce the effects of pesticides on listed species and their critical habitats. Secretary Vilsack, how did EPA reach out to USDA when developing the new ESA work plan, work plan update, the Vulnerable Species Pilot, and the Herbicide Strategy? EPA has mentioned that they are working with NRCS regarding voluntary conservation efforts in their ESA mitigation efforts. Secretary Vilsack, can you give the Committee some idea of what EPA and NRCS are working on? How do we ensure that NRCS programs continue to be voluntary?

*Answer.* As part of the IWG, USDA had the opportunity to provide comment on the ESA workplan. USDA and EPA staff have regular calls to discuss pesticide issues, including the ESA workplan and its implementation.

The U.S. Environmental Protection Agency (EPA) and U.S. Department of Agriculture (USDA) signed a memorandum of understanding (MOU) to better align EPA's strategies for protecting endangered species from pesticides with USDA's National Resources Conservation Service (NRCS) voluntary and incentive-based producer conservation practices. This coordination will help EPA meet its obligations under the Endangered Species Act (ESA) while increasing flexibility for the agricultural community and keeping safe, effective pest management tools in farmers' hands. As part of the review process for the MOU, USDA worked to ensure that the MOU clearly states that NRCS programs must remain voluntary. NRCS and USDA will continue to maintain that position in the development of any additional guidance materials on the MOU.

*Question 5.* The Office of Pest Management Policy works well with EPA. Still, sometimes, their comments are not addressed by the EPA during the registration and reevaluation process for pesticides. How are you working with the Administrator of the Environmental Protection Agency to ensure that during the interagency process that OPMP data and information is included?

*Answer.* OPMP is constantly working to ensure that our data and information are included in decision-making by providing clear and transparent information in such a way as to be most useful and easily understood by EPA at all levels. We also provide that information through public processes to ensure that that information is in the public record should laws or policies change in the future.

*Question 6.* Formaldehyde is an essential building block in chemistry with various uses that are essential to keeping America's meat, poultry, crop protection, and aquaculture products safe. These uses are especially important for the Mississippi aquaculture industry, which produces 65% of the nation's catfish. Aquaculture operations use formaldehyde to control fungi and prevent deadly bacterial infections. Pork and poultry producers use formaldehyde products to prevent viruses and bacteria, including protecting against a catastrophic outbreak of African Swine Fever. The EPA is undertaking a risk evaluation for formaldehyde under TSCA and FIFRA. I've heard concerns from agriculture stakeholders who worry that unreasonable regulations not based on sound science will threaten these vital uses. Secretary Vilsack, has the EPA engaged with USDA to discuss the formaldehyde risk evaluation? Given the impact of agriculture and food safety, will you commit to ensuring USDA is voicing the concerns of the ag community during the interagency process?

*Answer.* We share your interest in ensuring farmers have access to tools that help keep America's meat, poultry, crop protection, and aquaculture products safe. When other Departments or Agencies pursue significant rulemaking, USDA actively engages in the interagency review process established by Executive Order 12866. There are currently no EPA rules on formaldehyde in the interagency review process. On March 15, 2024, EPA released the draft risk evaluation under TSCA for formaldehyde for public comment. This is the next step in a process that could result in regulations in 2026. EPA also released for public comment the draft risk assessment under FIFRA on April 19, 2024. USDA provided comments during the FIFRA public comment periods that EPA will consider as it revises the assessment and we will be actively engaged in the interagency review of any regulations that flow from this risk assessment.

*Question 7.* Mr. Secretary, Congress approved over \$18 billion in conservation dollars through the Inflation Reduction Act of 2022. I hear from my constituents back home about a lack of conservation funding actually getting to working lands programs and producers on the ground. For legislation passed over 2 years ago, can you explain to the Committee why the Department is taking so long to get these funds out to the countryside and how you intend to get those funds on the ground faster and more effectively?

*Answer.* Recently, NRCS has experienced unprecedented demand for conservation from farmers and ranchers, with applications outpacing available funding. Even with Inflation Reduction Act funding, NRCS had significant unmet producer demand for conservation through the Environmental Quality Incentives Program (EQIP) and the Agricultural Conservation Easement Program (ACEP).

Please refer to our February 13, 2024, *press release*,<sup>9</sup> which talks about how NRCS made record investments in private lands conservation in fiscal year 2023 thanks to historic resources made available by President Biden's Inflation Reduction Act, the largest investment in climate action in history. I can assure you that we are getting these conservation investments to our working lands programs and to producers on the ground who are eager to sign up for these climate practices. That said as I shared at the hearing, we have seen demand for these climate practices and our working lands programs in IRA and the farm bill far outstrip the funding Congress provided. We will continue to work with farmers, ranchers, and forestland owners on the ground to help them both protect natural resources and enhance production.

For Fiscal Year 2023, NRCS has also released data showing its investment of over \$2.8 billion in financial assistance for conservation and supported more than 45,000 contracts, more than any year in the agency's 89 year history. The agency obligated 99.8 percent of all available FY 2023 Inflation Reduction Act financial assistance funds to farmers, ranchers, and forest landowners across America and is on track to have robust producer participation in 2024.

<sup>9</sup><https://www.nrcs.usda.gov/news/biden-harris-administration-makes-record-investment-in-private-lands-conservation-as-part-of>.†

The agency has also released *updated state-by-state data*<sup>10</sup> showing where investments went in FY 2023 for the farm bill and Inflation Reduction Act. Minnesota alone had 175 IRA contacts in FY 2023 totaling \$9.8 million in conservation funding covering over 77 million acres. There were also additional investments through farm bill conservation funding.

*Question 8.* Mr. Secretary, Congress appropriated \$3 billion of *ad hoc* disaster assistance for crop losses from the 2022 crop. Can you explain to the Committee why it's taken the Department almost a year to implement the program and why the Department structured the program in such a way that producers who suffered significant losses aren't getting adequate help due to the payment reduction factors?

*Answer.* The rollout timing of ERP 2022 was due to the Administration's efforts to incorporate key enhancements from lessons learned through the administration of ERP Phases 1 and 2. Specific enhancements include but are not limited to, implementation of a multi-track process to provide all disaster-affected participants with access to relief simultaneously *in lieu of* phased delivery, inclusion of additional substantial beneficial interest (SBI) holders on prefilled applications, and development of an automated process supporting updates to prefilled applications as new or updated crop insurance and Noninsured Crop Disaster Assistance Program (NAP) records are available. Enrollment began October 31, 2023. An ending date has not been announced.

For disasters occurring during the calendar years 2020 and 2021, Congress authorized \$10 billion in emergency relief funding to assist agricultural producers impacted by wildfires, droughts, hurricanes, winter storms, and other eligible disasters.

In early conversations about the need for 2022 emergency relief assistance, USDA informed Congress that the Department estimated disaster-impacted producers incurred at least \$10 billion in uncovered losses. Actual numbers are closer to \$12 billion in uncovered losses for 2022 disasters. However, Congress chose to only provide \$3.2 billion in funding for uncovered crop losses and an additional \$494.5 million for uncovered livestock losses.

Given that available funding for crop losses (approximately \$3.2 billion) was substantially less than the estimated costs to adequately cover the disaster losses for 2022, USDA designed a program to deliver more benefits to the majority of producers within those funding constraints. USDA made every effort to incorporate lessons learned from our previous disaster programs and glean important input from producers, commodity groups, members of Congress, and other stakeholder groups before opening the program for applications. The end result was a more advantageous, equitable distribution of the limited funds to more producers in need of assistance. Specifically in your home state of Mississippi, the ERP 2022 progressive factoring option resulted in more advantageous than the flat factor for 76% of Mississippi program participants, approximately 2,135 producers.

*Question 9.* Mr. Secretary, in light of the recent Federal court case impacting the use of the herbicide dicamba, is your office of pesticide programs communicating with the EPA to make sure they understand the critical situation this court ruling makes for growers who have purchased this product for the growing season and are requesting that the EPA issue a flexible existing stocks order on this for 2024 use?

*Answer.* Yes, our Office of Pest Management Policy is communicating with EPA on this issue. We were happy to see that EPA is allowing over-the-top dicamba product to move through channels of trade for use during the 2024 growing season using its existing stock provisions, though we are hearing that some clarity is needed around that policy for distributors. We will stay abreast of this important issue as we know this situation is of critical concern to soybean and cotton growers.

*Question 10.* Mr. Secretary, could you provide insights into how agricultural industries can lead the way in implementing strategies to address environmental concerns within the agriculture sector while ensuring reliable agricultural production?

*Answer.* Maintaining and improving productivity of U.S. agriculture is critical for both feeding the world and continuing to be responsible environmental stewards. The U.S. agricultural sector has and will continue to lead the way through practicing the following strategies that both address environmental concerns while also continuing to maintain productivity.

- Maintain and improve soil health—reducing emissions and enhancing soil carbon sequestration;
- Improved nitrogen management—implementing the 4 R's of nitrogen management, reducing nitrous oxide emissions, and protecting water quality;

<sup>10</sup> <https://www.nrcs.usda.gov/resources/data-and-reports/rca-data-viewer>.

- Livestock partnerships—reducing potent methane emissions from manure and protecting water quality;
- Improved grazing—reducing emissions, building or maintaining soil carbon stocks, and improving animal production;
- Agroforestry, forestry, and wildlife—building and maintaining carbon stocks in perennial biomass and soils;
- Restoration of disturbed lands—reducing erosion and improving the quality of previously mined or degraded lands to increase soil and perennial biomass carbon stocks;
- Energy, combustion, and electricity efficiency—reducing emissions from agricultural operations and infrastructure through reduced energy and fossil fuel use;
- Wetlands—restoring wetlands to enhance carbon storage in soils and vegetation;
- Alternate wetting and drying irrigation systems in rice—reducing methane emissions from rice fields through irrigation and water management.

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

*Question 1.* It is our understanding that USDA currently reports in its **USDA's Cropland Data Layer** database a single number for converted grassland acres. Because this single number does not differentiate between acres rotated from perennial cover into crops and those acres converted from native grassland or range into row crops, it is difficult to distinguish between the two types of acreage. This could have future implications with foreign trading partners whose policies might not capture the differences in acreage if the USDA cannot differentiate between the data.

What is the USDA's rationale for reporting this single number for converted grassland acres?

Has the USDA considered changing the reporting to differentiate between the two types of acreage mentioned above?

*Answer.* The Census of Agriculture and published official statistics, which are based primarily on surveys, are considered the authoritative sources when measuring and reporting pasture/grassland and crop acreage via the NASS Quickstats (<https://quickstats.nass.usda.gov/>) database. NASS does not report on land conversions or differentiate between acres rotated from perennial cover into crops and those acres converted from native grassland or rangeland into row crops. However, rotational/conversion analysis can be performed by either industry or affiliated USDA agencies using published NASS data.

The USDA NASS Cropland Data Layer (CDL) is a land cover classification based on satellite imagery that is derived using USDA/FSA Common Land Unit as training data and published annually. The purpose of the CDL is to provide supplemental planted acreage estimates to the NASS Agricultural Statistics Board for major commodities. The accuracy is excellent for large area row crops but much lower for grasslands. The CDL identifies planted/tilled crops for the growing season and does not inform on land cover/land use change or land conversions. Additionally, NASS does not provide data services to analyze land cover or land use change; it publishes what was planted during the growing season via the CDL. The NASS data portal of CroplandCROS (<https://croplandcros.scinet.usda.gov/>) can be used for change analysis or visualization by data users.

NASS does not use the CDL to produce any reports/statistics on grassland/cropland conversions. There is a historical catalog of CDL data, so it is likely users/industry have attempted to derive their own calculations of grassland conversion, such as “Recent land use change in the Western Corn Belt threatens grasslands and wetlands” <https://www.pnas.org/doi/full/10.1073/pnas.1215404110> † from 2013 and “Accuracy, Bias, and Improvements in Mapping Crops and Cropland across the United States Using the USDA Cropland Data Layer” <https://www.mdpi.com/2072-4292/13/5/968> † from 2021.

It is very challenging to accurately identify perennial grasses *vs.* pasture/grasslands using satellite imagery. Definitionally it is difficult to identify via satellite whether a unit of land is pasture/grassland used for farming intentions with or without the presence of livestock or simply native grasses. Thus, the CDL is not the best indicator of pasture/grazing land, albeit it is highly accurate for the identification of major commodities. Determinations of land conversions are left to the researchers for their reporting based on the available datasets.

In summary, NASS does not report on land conversions or differentiate between acres rotated from perennial cover into crops and those acres converted from native grassland or rangeland into row crops. The CDL is not well suited for that purpose.

*Question 2.* Mr. Secretary, about a year and half ago (November 2022), USDA proposed to cut the amount of milk in the WIC program, so pregnant women, nursing mothers, infants, toddlers and young children, would each get less milk and dairy. Since then, bipartisan House Members sent a letter urging you not to go forward with that milk cut. The House Agriculture Appropriations bill includes a provision that would ensure any changes to the WIC food package would not cut milk.

I've heard USDA say that increases in WIC participation will increase milk sales in WIC. But USDA's own analysis of the proposed rule shows a net-decrease (cut) in redemptions for WIC's milk/dairy category: which would translate into a \$25 million increase per year *decrease* in milk redemptions and at least a \$7.5 million per year *decrease* in cheese redemptions. That demonstrates this cut in milk and dairy in WIC is real and will have real consequences for WIC moms and their children. But this isn't about milk sales. This is about cutting the amount of milk for each mother, infant and toddler in the WIC program and harming their nutrition. Milk is one of the top items redeemed in WIC and one of the items fully utilized. And there is survey data showing that 76% of WIC moms oppose this cut, including 20% who say they would not re-enroll and another 34% unsure if they would stay in the WIC program if this cut goes forward.

Can you tell the Committee if you still plan to go forward with cutting milk in USDA's final rule modifying the WIC food package?

**USDA Proposed Changes to WIC Food Package Overall Milk/Dairy**

Participant Category	Current WIC Allotment	USDA Proposed Rule Maximum Monthly Allotment (MMA) for Milk	+/- Proposed Rule Compared to Current Rule
Children 1 year (12 through 23 months)	16 quarts	12 quarts	4 quarts
Children 2 through 4 years	16 quarts	14 quarts	2 quarts
Pregnant	22 quarts	16 quarts	6 quarts
Partially (Mostly) & Fully Breastfeeding	22 quarts	16 quarts	6 quarts
Postpartum	16 quarts	16 quarts	No change

*Answer.* By law, USDA is required to conduct scientific reviews of the WIC Food Packages and update them, as needed, to reflect the latest nutrition science and public health needs, while also recognizing the *supplemental* nature of the package.

Although the intention of WIC is to provide a variety of under-consumed nutrients in supplemental amounts, the current WIC food packages provide more than a supplemental amount of milk, amounting to 85 to 128 percent of the total dairy recommended by the *Dietary Guidelines*. The National Academies of Sciences, Engineering, and Medicine (NASEM) recommended—and USDA proposed—modest decreases in the amount of milk provided to align with the supplemental nature of the program. At the proposed levels, WIC would still provide milk equivalent to 71 to 96 percent of the total amounts of dairy recommended by the *Dietary Guidelines*.

The Department anticipates the comprehensive set of changes made in this final rule align with nutrition science and consumer preferences and will result in more participants fully redeeming their food benefits. For example, the proposed rule would provide more flexibility for states to authorize a variety of container sizes allowed for yogurt. Paired with these added flexibilities, we still expect USDA to spend around \$900 million on dairy products per year in WIC. Put in context, the decrease we estimated in spending on milk and cheese represents only about 2% of WIC's annual spending on dairy overall.

USDA is committed to modernizing the WIC program to best serve participants and maximize the reach of the program's proven benefits. USDA anticipates that our efforts to modernize WIC, coupled with efforts to create a more appealing food package, will increase WIC participation, and subsequently help more families access dairy benefits as well as other nutritious foods.

*Question 3.* Crop production is a key part of my district's economy, and we depend on exports to keep demand strong. Secretary, we appreciate your clear acknowledgment of the importance of trade in the announcement of the Regional Ag Promotion Program. As you know, the Market Access Program and the Foreign Market Development program are also vital tools to bolster current market access and find new opportunities. It is my view that the RAPP program is supplemental to the MAP and FMD programs, and should not serve to replace the longstanding investments that MAP and FMD have cultivated over time.

Could you share your views about the importance of export promotion in general? Do you agree that RAPP is supplemental to MAP and FMD, given that there are different markets targeted in RAPP as well as different parameters in place for eligibility?

*Answer.* Export promotion is vitally important for the success of American farmers. Trade promotion investment helps keep existing markets open and creates access to new markets. Exports to these markets provide income directly back to U.S. farmers and producers. For decades, USDA's Market Access Program (MAP) and Foreign Market Development (FMD) program have been very successful in expanding U.S. exports to markets across the globe. A study on the economic impact of these programs determined that the U.S. agricultural export value increased by \$24 for every dollar invested in export market development. These programs provide a significant boost to the U.S. agricultural industry, which in turn helps strengthen the economy not just in rural communities, but across the entire United States.

Successful market development takes time and significant resources, however, MAP and FMD funding has remained level since 2006. The new Regional Agricultural Promotion Program (RAPP), which is utilizing the critical CCC funds, is designed to complement MAP and FMD by supporting eligible projects that enable exporters to break into new markets and increase market share in growth markets. Market diversification is an important tool for maximizing growth opportunities for U.S. agriculture, and to hedge the risk of market contraction and general volatility in the global marketplace. Given the significant investment necessary to open and develop new export markets, RAPP will help provide that start-up capital so that American exporters can diversify their markets and create new opportunities. RAPP encourages exporters to establish, build, and grow their presence in regions like South and Southeast Asia, Latin America and the Caribbean, and Africa, markets with growing middle classes and increased demand for U.S. products.

*Question 4.* Corn exports are a key part of my district and the Cornhusker State's economy and corn growers are not unique among other U.S. agriculture commodities in facing challenges with expanding access in export markets. For example, corn exports to our key customers have dropped in recent years, and Brazil has claimed market share. As you are well aware, once market share has been lost, it is fairly difficult to get back. Obviously, I am acutely aware of USTR's primary role in negotiating trade agreements or other trade initiatives.

However, can you share how USDA is working with USTR to underscore the need for a proactive approach so that our competitors do not continue to gain market share and capture opportunities that would have otherwise been ours?

Additionally, how is USDA working to resolve SPS and technical barriers?

*Answer.* Last year, USDA worked with USTR, foreign governments, international organizations, and our private sector partners to reduce and eliminate trade barriers for U.S. exports, preserving more than \$6.4 billion in overall U.S. agricultural exports. USDA continues to actively work together with USTR to prevent market share loss. USDA continues to raise specific trade concerns for sanitary and phytosanitary (SPS) and technical barriers to trade during annual committee meetings, as well as through official USG comments to the WTO.

In addition, USDA provides trade capacity building to current and emerging trading partners to promote international trade and open markets for U.S. agricultural exports—creating predictable and transparent trade environments favorable to U.S. agricultural exports. USDA oversees projects that help U.S. trading partners understand and implement science-based international SPS standards and practices, as well as managing projects that address technical barriers to trade and trade facilitation. USDA collaborates with domestic and international experts to help build the institutional regulatory capacity of our trading partners to expand and ensure predictable market access for U.S. exporters.

*Question 5.* New export market opportunities exist all around the globe and will play a critical part in the years to come as our export markets shift.

In your opinion, where are some areas of the world that present potential for U.S. agriculture exports, particularly beef, pork, corn, and soybeans?

*Answer.* USDA remain laser-focused on expanding trade and market opportunities for U.S. food and agricultural products and building on significant wins under the Biden-Harris Administration to break into new markets. Since 2021, we have actively engaged with trading partners to reduce tariff and non-tariff barriers for more than \$21 billion of U.S. agricultural exports.

USDA is also investing in a variety of initiatives to boost U.S. exports to a variety of global markets, with an emphasis on markets with large and growing middle-class populations. The \$1.2 billion USDA investment to implement the Regional Agricultural Promotion Program (RAPP) complements other traditional export market

development and promotion programs to enhance exporters' ability to diversify into new markets and increase market share in growth markets.

When it comes to U.S. pork and pork exports, USDA works closely with U.S. industry representatives to understand and identify key markets with growth and export potential for U.S. products. Beyond maintaining traditional markets such as Mexico, Canada, Australia, and China, we see opportunity for export growth of U.S. pork to countries such as the Dominican Republic and Central American countries and hopefully South Africa and Jamaica once barriers can be removed.

Similarly, in addition to the goal to maintain market share in our traditional beef markets of South Korea, Japan, Mexico, Canada, and now, China, we also see opportunity for U.S. beef in markets such as Indonesia, Vietnam, and the Philippines, which have burgeoning populations and high middle-class growth. We also think Africa presents opportunities for U.S. beef.

With respect to corn and soybean exports, USDA is actively working to maintain markets for corn in countries such as Mexico, Japan, and China. Soybean exports are also being maintained in China, the EU, and Mexico. With USDA's new RAPP specifically targeting Africa, we view this as an opportunity to build momentum for U.S. beef, corn, and soybean exports to the region.

*Question 6.* Mexico is the number one destination for U.S. corn exports, and in fact 47.5% of our total corn exports go to our southern neighbor. As you know, Mexico's biotech ban on certain uses of biotech corn has already had an impact on U.S. corn exports and it threatens to upend market access to our most important customer if Mexico's corn decree is fully implemented. We appreciate the work of USTR and USDA in launching the dispute settlement process under USMCA.

How has USDA been coordinating with USTR to ensure that the U.S. position is successful, and that the panelists can vividly see that the science is on our side?

*Answer.* Addressing this issue through the USMCA dispute resolution process is a top priority for the U.S. Department of Agriculture (USDA) and the Office of the United States Trade Representative (USTR). Under the USMCA, we and our partners have jointly agreed to maintain science-based measures to protect human, animal, and plant life and health. For decades, our system has ensured that commercialized biotech-improved products are as safe as conventional counterparts—and it will continue to do so. This USMCA dispute is currently in active litigation, and USDA is working very closely with USTR to ensure U.S. corn growers have full and fair access to the Mexican market.

*Question 7.* Kenya presents a market access opportunity for agricultural exports, including corn and soybeans. Kenya's view of biotechnology has shifted in recent years, perhaps providing an opportunity for access. I understand access for biotechnology products depends on the Kenyan court system, but simultaneously, the U.S.'s trade talks with Kenya can also tackle barriers related to ag biotech.

How is USDA working with USTR to capitalize on this momentum in order to create tangible benefits for American growers?

When do you expect negotiations to conclude?

*Answer.* USDA is committed to working alongside USTR to emphasize science and risk-based decision making amongst trading partners. While market access for agricultural biotechnology products is reliant upon a positive outcome from the court system in Kenya, USDA is also working continuously to facilitate connections between U.S. industry and Kenyan counterparts.

Over the past few years, USDA has funded approximately \$186,000 of Market Access Program (MAP), Foreign Market Development (FMD), and Emerging Markets Program (EMP) projects in Kenya, supporting the work of our agricultural commodity and trade association cooperators. In 2024, pending the Government of Kenya's approval, the U.S. Grains Council anticipates fulfilling a 60 metric ton shipment of dried distillers' dried grain with solubles (DDGS) containing products of agricultural biotechnology under USDA's Quality Samples Program (QSP); with this first shipment, potential customers will be able to discover the benefits of U.S. DDGs. Through engagements and programs, such as the QSP, MAP, EMP, FMD, or USDA's new Regional Agricultural Promotion Program (RAPP), USDA will continue to capitalize on momentum created by trade talks to support opportunities for growers of agricultural biotechnology products.

USDA continues to work alongside USTR on the U.S.-Kenya Strategic Trade and Investment Partnership (STIP). The agriculture team is making tremendous progress and is working hard to improve bilateral trade for all agricultural stakeholders. We are looking forward to a positive outcome in the near future.

*Question 8.* Taiwan is an important trading partner and regional ally of the United States. The U.S.-Taiwan Initiative on 21st Century Trade is a step in the right direction to embolden our relationship. I understand that trade discussions

with Taiwan are still active but are likely to address agricultural issues like biotechnology and pesticide maximum residue levels. How is USDA ensuring that market access opportunities present in Taiwan will be harnessed throughout discussions on this initiative?

*Answer.* The discussions around the U.S.-Taiwan Initiative on 21st-Century Trade are indeed active. The United States is pursuing high-standard commitments to enhance market access for American farmers, ranchers, workers, and businesses. For example, we are seeking disciplines to ensure that sanitary and phytosanitary measures are science-based, and developed and implemented in a transparent, predictable, and non-discriminatory manner. These provisions are intended to provide tools to tackle a wide range of barriers to safe, wholesome U.S. agricultural products, and thereby increase access to the Taiwan market for U.S. agriculture.

In addition to bilateral efforts with Taiwan and other partners, USDA aims to create more opportunities for market access for U.S. agricultural products through international organizations such as Codex Alimentarius and the World Trade Organization. USDA, along with other government agencies, is working to achieve the best possible outcomes for American farmers, ranchers, and producers.

*Question 9.* In the 2022/2023 marketing year, the U.S. exported 1.25 billion gallons of ethanol, equivalent to 423 million bushels of corn. Ethanol imports offer several advantages to foreign customers who are seeking fuel options that are less carbon intensive. The U.S. has historically exported ethanol into Brazil. However, Brazil applied a 16 percent tariff on ethanol imports in 2022 that rose to 18 percent last month, which has essentially closed off market access for the U.S. How is USDA prioritizing market access opportunities for ethanol and working to address Brazil's trade action?

*Answer.* USDA continues to support U.S. ethanol market access opportunities through engagement and programs, such as the Market Access Program (MAP), Foreign Market Development (FMD), and USDA's new Regional Agricultural Promotion Program (RAPP). USDA actively engages our foreign counterparts around the world to resolve both tariff and non-tariff trade barriers, including in coordination with the U.S. industry to resolve issues they are facing.

USDA continues to actively engage with Brazil, in coordination with the Office of the U.S. Trade Representative, to address the restrictive tariff imposed on U.S. ethanol. This engagement has included government-to-government dialogues and meetings. USDA has also actively engaged with Brazilian regulators on their low carbon fuel policy, RenovaBio, seeking technical corrections that will allow U.S. ethanol to be certified under the program. Through these and other engagements, and despite exports dropping more than 99 percent to Brazil, 2023 was a record year for U.S. ethanol exports, valued at over \$3.8 billion, an increase of three percent from 2022. Volume-wise, U.S. ethanol exports amounted to over 5.4 billion liters in 2023, a nine percent increase from nearly 5 billion liters in 2022.

*Question 10.* USDA's Foreign Agricultural Service and its Brussels Office support U.S. agriculture on a myriad of new regulations coming out of the European Union's Farm to Fork policy. Importantly, the European Parliament rejected legislation to cut the use of pesticides in the EU and also passed legislation on a regulatory approach for new genomic techniques. At the same time, the EU is banning neonicotinoid use, even on imports, based on environmental criteria in third countries, not food safety. The environmental conditions and pest pressures in the United States or Kenya or Vietnam have no similarity to those in the European Union. With European farmers calling on their policy makers to force farmers around the world to follow the same strict requirements as European farmers and agribusinesses, what is the prospect of maintaining the EU as an export market and ensuring that European regulations do not act as unwarranted trade barriers. What more can USDA do, in cooperation with industry, to ensure regulations are science based, non-discriminatory and taken for legitimate food safety, plant health and animal health reasons?

*Answer.* Maintaining market access to the European Union for America's farmers is a key priority for USDA. USDA teams in Washington work closely with our agricultural attachés in Brussels and at the national level in EU Member States to monitor the complex and evolving regulatory landscape in Europe and alert our growers and ranchers of upcoming issues that may result in trade issues. USDA is committed to addressing technical or sanitary and phytosanitary trade barriers such as burdensome requirements related to reductions in pesticide maximum residue levels, contaminant maximum levels, labeling, or certification requirements which otherwise may negatively impact our specialty and commodity crop producers from shipping high-quality products overseas.



USDA agencies work closely with our interagency partners, including, the U.S. Environmental Protection Agency (EPA), and the Food and Drug Administration (FDA), as well as others, to ensure that regulations are science-based and taken for legitimate reasons. USDA engages bilaterally with the EU partners with USTR at the World Trade Organization (WTO) in support of U.S. agricultural producers and exporters.

The United States Codex Office (USCO), located in USDA, participates in the development of international food safety and commodity standards. USCO works with USDA agencies and interagency partners to build support for U.S. policy positions and to counter policies that are not based on sound science, completed risk assessments, and reflective of international norms.

In addition to efforts within the EU, USDA supports projects designed to counter EU regulatory influence in third countries. Some countries apply hazard-based approaches to regulation based on the end market for their exports (*e.g.*, the EU) or because of a lack of technical knowledge or enforcement of international risk-based practices and measures. USDA works with third countries to strengthen their use of science and risk in regulatory development and their engagement in the rules-based trading system. This work will continue and expand under the new Assisting Specialty Crop Exports (ASCE) initiative.

*Question 11.* Mr. Secretary, I am concerned about growing foreign threats to agriculture like ownership of farmland, acquiring American agricultural technology, or stealing innovations and research from companies and universities. The recent House Select Committee on Strategic Competition with China suggested the Secretary of Agriculture should be added to CFIUS as voting member. What is the role of USDA across government in countering foreign threats to agriculture and what agencies at USDA are currently responsible?

*Answer.* As a result of discussions between USDA and the Treasury Secretary, USDA's role in CFIUS has grown. Each week, Treasury sends the USDA Office of Homeland Security CFIUS Program (OHS/CFIUS) a Case Log listing new and active CFIUS cases, as well as a Directorate of National Intelligence (DNI) Summary of each new case the Committee has started to review that week. Within 5 business days of receipt, USDA must assess these summaries for agricultural equities. If there are agricultural interests, USDA notifies Treasury that it would like to review the full case filing. With respect to such cases, USDA becomes a full participant in the CFIUS review process, evaluating if there is a national security risk and, if so, if that risk can be mitigated. USDA has been operating under this structure for approximately 18 months. Last year there were over 400 CFIUS cases filed at Treasury and reviewed at USDA.

Within the Department, CFIUS work is led by a small team in the Office of Homeland Security. However, CFIUS work is done in conjunction with the Office of the General Counsel, the Office of the Secretary, and subject matter experts, as appropriate, from across the Department to best inform each case to which we are party. USDA can provide a wide range of expertise in cases related to agriculture, agribusiness, forestry, rural utilities or housing, or any other such issue area that falls under the Department's purview.

*Question 11a.* How can (What actions have been taken and how can) USDA more proactively engage industry and land-grant universities to help analyze, identify, counter, and mitigate potential threats to agriculture?

*Answer.* Engaging industry and land-grant universities in analyzing, identifying, countering, and mitigating threats to agriculture requires a whole-of-government approach. USDA shares resources available from the U.S. law enforcement and intelligence community with USDA stakeholders. USDA is committed to protecting USDA investments in science, technology, and innovation. International cooperation can accelerate discoveries that contribute to the health and well-being of the American people, while informing and working to solve global challenges. However, cooperation should be conducted in a manner that is mutually beneficial, while protecting USDA investments and, subsequently, U.S. economic and national security.

Finally, USDA has funded research with industry partners and land grant universities to study and address emerging threats to agriculture. This includes research on plant pests, diseases, and invasive species.

*Question 11b.* What additional resources and/or authority is needed to proactively address current and future threats?

*Answer.* USDA OHS needs resources to support its sector risk management responsibilities and an authority. We have asked for funding to support the Food and Agriculture Critical Infrastructure Sector, one of the 16 Critical Infrastructure sectors. USDA is open to engaging more on this topic. USDA has reviewed with great interest the authorities and subsequent resources provided to the National Science

Foundation (NSF) in the CHIPS and Science Act of 2022 (H.R. 4346), including, but not limited to, establishment of a Research Security and Policy office within the Office of the NSF Director with at least four full-time staff (Section 10331–10332). The office is charged with coordinating all research security policy issues across NSF which includes identifying and addressing potential security risks that threaten research integrity and other risks to the research enterprise; developing research security policy and best practices; conducting outreach and education activities for recipients on research policies and potential security risks; educating NSF program managers on evaluating for potential security risks; communicating reporting and disclosure requirements; performing risk assessments of NSF proposals and awards using analytical tools to assess nondisclosures of required information; establishing policies to ensure compliance with NSPM–33; and conducting or facilitating due diligence with regards to applications for NSF R&D awards. The CHIPS and Science Act authorizes the NSF Office of Research Security and Policy, in coordination with the NSF OIG, to conduct risk assessments, including through the use of open-source analysis and analytical tools, of research and development award applications and disclosure to NSF (Section 10336).

*Question 12.* Mr. Secretary, I understand how important it is to see food security as national security, and as such I have been a strong supporter of the “three-legged stool” of animal health. Can you please outline any areas of risk the Department sees as we look to ensure foreign animal diseases like African Swine Fever, Foot-and-Mouth Disease, and others do not enter the United States?

*Answer.* We appreciate Congress’ support for the new animal health programs in the last farm bill. Those have already yielded many benefits for us in identifying new techniques for detecting and responding to animal health emergencies. We know the diseases that you mention are circulating throughout the world and that is why those new programs are so important. They build on and enhance the work we already do.

APHIS has a strong system of overlapping safeguards in place and works every day to mitigate or eliminate risk of introducing high-consequence foreign animal diseases. From the regulations that limit imports from countries where diseases are present to the extensive surveillance network, including the National Animal Health Laboratory Network, which looks for and detects possible diseases, APHIS works to keep that risk offshore. APHIS also invests in state, Federal, and industry partnerships to ensure that diseases are recognized as quickly as possible and that producers are familiar with biosecurity practices that can protect their livelihoods.

Further, the agency’s Smuggling and Interdiction and Trade Compliance program explores domestic pathways for ways illegal goods may be smuggled or moved. Just as important is the strong partnership we have with U.S. Customs and Border Protection, whose agents and detector dogs, all trained by us, serve as the front-line defense, looking at passengers and cargo for pathways for pests and diseases and ensuring compliance with our science-based regulations.

The farm bill programs you mentioned have been a great tool in helping us prepare for foreign animal diseases. APHIS has invested nearly \$40M through the National Animal Disease Preparedness and Response Program (NADPRP) to support over 180 projects that help stakeholders identify potential risks and prepare to respond to the most critical animal health threats facing livestock industries today. It allows APHIS and its partners to enhance our capacity to respond to foreign animal diseases like African Swine Fever and Food and Mouth Disease.

Separate from the authorizations that the Committee has been focused on for the farm bill, it is critical for you to understand that the discretionary annual appropriations for APHIS to address, prevent, and potentially respond to foreign animal diseases is vital to our response on animal health. As are the discretionary appropriations to support ARS and NIFA related to animal health matters. This Committee has followed closely our work in APHIS to mitigate the outbreak of highly-pathogenic avian influenza in the poultry industry since the first case of HPAI was confirmed in a commercial flock in February 2022. That immediate response, veterinary expertise, and work to educate the industry on biosecurity is dependent on our dedicated APHIS employees that rely on discretionary annual appropriations as well as some uses of the CCC.

Lastly, many on the Committee has been closely involved or at least closely followed the work to authorize and establish the new National Bio and Agro-Defense Facility (NBAF) in Manhattan, Kansas, an effort that has been underway for some 17 years. This state-of-the-art maximum biocontainment (BSL–4) facility will be able to study high-consequence zoonotic diseases affecting large livestock and will serve as a national asset to help protect against the threat and potential impact of serious animal diseases. The NBAF facility will serve as a “One Health” national and international resource, offering capabilities for training, research and develop-

ment, surveillance, prevention, and response to emerging infectious diseases. However, the upkeep and maintenance of this facility will be critical in continuing USDA's foreign animal disease work.

*Question 13.* In July 2023, President Biden said: “Mark my words: the next 20 years, farmers are going to be providing 95% of all the sustainable airline fuel.” I know you agree with this vision—you have spoken often about the promise of SAF as a new market for U.S. agriculture . . . as one part of a biobased economy where each farm can become a center of entrepreneurship that is focused on sustainable agricultural practices that the market values. This vision of homegrown, clean SAF produced by American agriculture is one that I think all of us on this Committee can get behind. That is why I am so puzzled by the situation with the Administration's guidance on tax credits for SAF. In December, the Treasury Department named Argonne National Lab's GREET model as a secondary model for calculating tax credits for sustainable aviation fuel production. But, rather than use the model developed by the independent Argonne National Lab, the Administration is unnecessarily changing the GREET model, causing delays that are slowing private investment and inserting updates that seem to be intended to prevent American farmers from getting credit for investments in the very sustainable ag practices that the Administration claims to support. Will the Administration meet its deadline of March 1 to have the GREET model update completed and will the section 40B SAF tax credit be usable by SAF producers on that day?

*Answer.* We anticipate that the Biden-Harris Administration will issue a Sustainable Aviation Fuel (SAF) notice as part of the Investing in America agenda. The notice will catalyze innovation in the aviation industry, incentivize the production of cleaner, more sustainable aviation fuels, and help make the United States a leader in decarbonizing the aviation industry. The Treasury Department's Notice will provide important clarity around eligibility for the SSAF tax credit that was established in the Inflation Reduction Act. The SAF tax credit incentivizes the production of SAF that achieves a lifecycle GHG emissions reduction of at least 50% as compared with petroleum-based jet fuel.

*Question 13a.* Please explain how the GREET model update will continue to deliver value to farmers by accurately crediting conservation practices and emissions reductions from regenerative farming, climate smart agriculture, and carbon capture and storage—all techniques that could massively lower carbon emissions, if adopted?

*Answer.* As part of this effort, the U.S. Department of Agriculture (USDA) and other Federal Government agencies (EPA, DOT/FAA, and DOE) will jointly announce the 40B GREET 2024 model. This model provides another methodology for SAF producers to determine the lifecycle GHG emissions rates of their production for the purposes of the SAF tax credit. The 40B tax credit also incorporates a USDA Pilot Program to encourage the use of Climate-Smart Agriculture (CSA) practices for SAF feedstocks. We are taking this path because we want to recognize the climate benefits of these CSA practices and encourage their adoption, but also recognize there is additional work to do to assess verification mechanisms, empirical data, and modeling. Incorporating CSA practices into the production of SAF provides multiple benefits. These include lower overall GHG emissions associated with SAF production, improved accuracy of overall carbon intensity estimation, sustainable production of domestically-produced aviation fuel, and increased adoption of farming practices that are associated with other environmental benefits, such as improved water quality and soil health.

*Question 13b.* What steps is USDA taking to ensure that the GREET modeling update that is underway uses the same rigorous science on which the model is based and does not manipulate the model to deliver a predetermined outcome, such as excluding ag-based biofuels from eligibility for the SAF credit?

*Answer.* The modified version of GREET released in conjunction with the April 30, 2024, SAF tax credit guidance incorporates new data and science, including specific new modeling of key feedstocks and processes used in aviation fuel and certain categories of indirect emissions. It integrates other categories of indirect emissions—such as crop production and livestock activity—in addition to land use change emissions informed by GTAP-BIO. The modified GREET model also integrates key greenhouse gas emission reduction strategies such as carbon capture and storage, renewable natural gas, and renewable electricity.

*Question 14.* Mr. Secretary, the Agricultural Marketing Service (AMS) Livestock Mandatory Reporting (LMR) is important to cattle producers who use this data as a base price point when pricing cattle. About 99% of pricing formulas use data from LMR. When the data is unavailable from this service, chaos and uncertainty occur in the cattle market. During the 2013 shutdown, and again in the recent near shut-

down last fall, LMR was deemed unessential and went dark for 7 days. Thankfully, we averted a shutdown this past fall, however your department informed our offices that you were going to repeat this decision in the event of another government shutdown. While we can agree that government shutdowns are not the answer to our fiscal problems, hanging Nebraska's cattlemen out to dry is not the answer either. Why was your department so willing to cause such deep disruption to the markets when it was so easily foreseeable and avertable?

In the event of a future government shutdown, can I get your commitment to do your part to ensure that the United States government continues to provide essential services to America's farmers and ranchers like LMR?

*Answer.* The Agricultural Marketing Service's *Market News* activities, including Livestock Mandatory Reporting, are 100% funded with annually appropriated funds and legally could not and cannot continue during a government shutdown without further action from Congress. AMS would ask that LMR packers continue to submit data voluntarily through the Mandatory Price Reporting System and historical reports would continue to be available. I should add that across-the-board government shutdowns and simply the threat of a shutdown are incredibly disruptive. At USDA alone as many as 50,000 workers could be furloughed, hurting USDA operations in every county in the country. Far beyond these AMS report matters it must be stressed how disruptive a shutdown is and that there are real consequences to real people in a real way.

*Questions Submitted by Hon. Mike Bost, a Representative in Congress from Illinois*

*Question 1.* Protecting U.S. farmland from being gobbled up by foreign adversaries is a matter of national security. As of December 2022, foreign investors held an interest in over 43.4 million acres of U.S. agricultural land.<sup>11</sup> This is up 3.4 million acres from 2021.

Last month, the Government Accountability Office (GAO) released a report which found that USDA has not been accurately recording foreign investment data and that USDA has not been sharing the data it does have in a timely manner.<sup>12</sup> This is a national security risk in more ways than one.

By sharing data with the Committee on Foreign Investment in the United States (CFIUS) only once a year, USDA is creating space for foreign bad actors to go unnoticed for months. This is particularly concerning with foreign investments near military installations, like Scott Air Force Base in my district, the headquarters of the U.S. Transportation Command. This military base oversees all transportation for the Department of Defense.

Another concern of mine with foreign investment in U.S. agricultural land is the number of acres that are being converted to non-agricultural uses, like solar energy. From the foreign investment data that USDA did collect for my district, more than half is being repurposed for solar panel development or non-agricultural uses.<sup>13</sup> While I am not opposed to solar energy in general, I am opposed to taking prime farmland out of production for the sake of solar panels.

All in all, I believe there needs to be more oversight on foreign investment in U.S. agricultural land and that USDA needs to be more detailed in both their data collection and communication skills with other agencies. That being said, I respectfully request responses to the following questions:

Has USDA reviewed the GAO's report recommendations and what actions will the Department take to address these issues? Do you have an anticipated timeline for their implementation?

*Answer.* GAO made six recommendations, including that USDA share detailed and timely Agricultural Foreign Investment Disclosure Act (AFIDA) data with CFIUS agencies, improve reliability of AFIDA data, and assess its ability to adopt an online submission system and public database. USDA generally agreed with GAO's recommendations and noted the need for financial assistance.

In the FY 2024, full-year budget, AFIDA received \$1 million in funding. We are appreciative of this funding, but also note that the total Farm Production and Conservation—Business Center (FPAC—BC) funds were reduced to provide for AFIDA. Those funds that were reduced account for staff and expenses for the FPAC—BC as a whole. Further, the \$1 million is insufficient to complete implementation for the build-out of a modern solution that allows FPAC's efficient management of AFIDA filings. Without an additional appropriation of funding sufficient for the develop-

<sup>11</sup> [https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/EPAS/PDF/2022\\_afida\\_annual\\_report\\_12\\_14\\_23.pdf](https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/EPAS/PDF/2022_afida_annual_report_12_14_23.pdf).†

<sup>12</sup> <https://www.gao.gov/products/gao-24-106337>.‡

<sup>13</sup> <https://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/afida/agricultural-foreign-investment-disclosure-act-afida/index>.†

ment and maintenance of an online filing portal and funding for IT staffing, it will be difficult to provide more real-time filings to meet the mandate of Sec. 773 of the Consolidated Appropriations Act, 2023. Part of that mandate involves creating and maintaining an online filing portal; the other part involves development of a public AFIDA database. The first step in developing an online filing system involves ensuring we are collecting the appropriate data. USDA convened an internal, inter-agency working group in 2023 to develop a new AFIDA form that is more precise and more accurately captures leaseholds and impacts of foreign investment as a first step in portal creation. The proposed form was published in the *Federal Register* in December 2023 and the comment period closed in February 2024. We are assessing comments.

*Question 2.* Additionally, can you speak to the role that USDA currently plays in being consulted on foreign investment reviews at CFIUS? Do you think further coordination between USDA and CFIUS is warranted?

*Answer.* As a result of discussions between the USDA and the Treasury, USDA's role in CFIUS has grown. Each week, Treasury sends the USDA Office of Homeland Security CFIUS Program (OHS/CFIUS) a Case Log listing new and active CFIUS cases, as well as a Directorate of National Intelligence (DNI) Summary of each new case the Committee has started to review that week. Within 5 business days of receipt, USDA must assess these summaries for agricultural equities. If there are agricultural interests, USDA notifies Treasury that it would like to review the full case filing. With respect to such cases, USDA becomes a full participant in the CFIUS review process, evaluating if there is a national security risk and, if so, if that risk can be mitigated. This status is also reflected in CFIUS language in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Fiscal Year 2024 Appropriations Bill.

*Questions Submitted by Hon. Dusty Johnson, a Representative in Congress from South Dakota*

*Question 1.* Mr. Secretary, I appreciate your comments regarding the Administration's work on vaccination for highly-pathogenic avian influenza (HPAI). As you continue working on this important matter, I would like to bring to your attention a letter I sent along with five of my colleagues to you regarding the potential for platform vaccine technology to help quickly develop new vaccinations. Has your Administration considered the use of platform vaccine technology to combat the spread of HPAI? Would the use of this technology alter the timeline for deployment, or future response to other strains of HPAI?

*Answer.* We are always looking at ways to strengthen animal health outcomes and platform vaccine technology may be an effective tool for vaccination. While the intent of the platform approach is to standardize some of the materials and manufacturing to expedite some of the regulatory requirements, it is still critical to demonstrate the safety and efficacy of these products. USDA has already licensed several platform technologies.

Vaccines manufactured using this technology are promising with regard to the speed with which the product is made available to the market. It could work similarly for highly-pathogenic avian influenza but will require some additional studies to demonstrate the effectiveness in the field as well as in providing efficient delivery systems that factor in how poultry is produced in this country.

*Question 2.* As you know, USDA approved the regulatory framework for platform technologies during your previous tenure as Secretary. Beyond highly pathogenic avian influenza (HPAI), what opportunities are there for USDA to engage more significantly with the private sector to optimize platform technologies in USDA's work on foreign animal disease surveillance and prevention? Can you commit to such collaboration and engagement, so we are utilizing all resources and technologies at our disposal to help protect all sectors of our livestock industry?

*Answer.* We are always happy to meet with our stakeholders and learn more about their innovative ideas. We have previously met with companies that produce platform technologies to learn more about them and how they can help protect animal health. One thing we have told them to consider is the tool Congress gave us in the last farm bill. The National Animal Disease Preparedness and Response Program could be a great resource for vaccine developers to partner with states, universities, or industry on projects that could demonstrate the importance of this technology or further continue its development. Vaccine developers are welcome to submit proposals, which we consider through a competitive program subject to available funding.

*Question 3.* Mr. Secretary, new export market opportunities exist all around the globe, and will play a critical part in the years to come as our export markets shift.

In your opinion, where are some areas of the world that present potential for U.S. agriculture exports?

*Answer.* Diversifying export market opportunities is important for maximizing growth for U.S. farmers, ranchers, and foresters, as well as to hedge the risk of market contraction and general volatility in the global marketplace. While we remain committed to our established customer base around the world, we are also setting our sights on new growth opportunities in places like Africa, Latin America, the Middle East, and Southeast Asia. Africa especially has untapped market potential with the 2019 ratification of the African Continental Free Trade Area and a drive towards more integrated trade on the continent. By 2050, one in four people on the planet will be on the African continent. That is huge untapped potential. Likewise, countries in Latin America, the Middle East, and Southeast Asia who are experiencing rapid GDP growth, expanding middle classes, urbanizing populations, and increasingly modern food retail systems are prime markets for establishing lifelong consumers of U.S. food and agricultural products.

USDA is also investing in a variety of initiatives to boost U.S. exports to a variety of global markets, with an emphasis on markets with large and growing middle-class populations. The \$1.2 billion USDA investment to implement the Regional Agricultural Promotion Program (RAPP) complements other traditional export market development and promotion programs to enhance exporters' ability to diversify into new markets and increase market share in growth markets.

*Question 4.* Mr. Secretary, in the 2022–2023 marketing year, the U.S. exported 1.25 billion gallons of ethanol. These exports offer several advantages to foreign customers who are seeking renewable fuel options. The U.S. has historically exported ethanol into Brazil. However, Brazil applied a 16% tariff on ethanol imports in 2022 that then rose to 18% last month—essentially closing off market access for the U.S. How is USDA prioritizing market access opportunities for ethanol and working to address Brazil's trade action?

*Answer.* USDA continues to support U.S. ethanol market access opportunities through engagement and programs, such as the Market Access Program (MAP), Foreign Market Development (FMD) program, and USDA's new Regional Agricultural Promotion Program (RAPP). USDA actively engages our foreign counterparts around the world to resolve both tariff and non-tariff trade barriers, including in coordination with the U.S. industry to resolve issues they are facing.

For example, in 2023, FAS tirelessly worked to expand U.S. ethanol market access to Japan in the update to their biofuels policy so U.S. ethanol can meet 100 percent of the market, an increase from a market share of roughly 66 percent. Efforts also included obtaining legislative recognition on land use and biodiversity criteria under Canada's Clean Fuel Regulation (CFR), maintaining nearly \$3 billion of U.S. ethanol and biodiesel exports by removing potential trade barriers for U.S. participation under the CFR and establishing a new blending program in Panama which should lead to increased U.S. ethanol exports and serve as a global example for new biofuels policies. Vietnam and India also lowered their import tariffs on ethanol which will increase price competitiveness of U.S. ethanol for increased exports. Additional efforts, including in coordination within the U.S. government interagency, continue on these and other markets to support increased emphasis on U.S. biofuels in a variety of international forums to provide further weight to our U.S. biofuels requests.

USDA continues to actively engage with Brazil, in coordination with the Office of the U.S. Trade Representative, to address the restrictive tariff imposed on U.S. ethanol. This engagement has included government-to-government dialogues and meetings. USDA has also actively engaged with Brazilian regulators on their low carbon fuel policy, RenovaBio, seeking technical corrections that will allow U.S. ethanol to be certified under the program. Through these and other engagements, and despite exports dropping more than 99 percent to Brazil, 2023 was a record year for U.S. ethanol exports, valued at over \$3.8 billion, an increase of 3 percent from 2022. Volume-wise, U.S. ethanol exports amounted to over 5.4 billion liters in 2023, a 9 percent increase from nearly 5 billion liters in 2022.

*Questions Submitted by Hon. Tracey Mann, a Representative in Congress from Kansas*

*Question 1.* Thank you for your comments regarding the importance of animal disease traceability. As we discussed, I am supportive of USDA's electronic identification rulemaking as it would enhance our ability to rapidly trace diseases and outbreaks in cattle and bison covered in official USDA interstate movement. However, I am concerned that agricultural producers in Kansas and across the country would be responsible for the cost. APHIS currently provides free EID tags and financial assistance for related infrastructure to prepare for compliance efforts with the regu-

lation. Is USDA open to offsetting costs to producers through the Animal Health Technical Services account where voluntary EID tags are currently funded?

Will USDA use other funding resources, such as the National Animal Disease Preparedness and Response Program, to pay for the rulemaking?

*Answer.* In response to the concerns that you have heard from producers, the Committee passed FY 2024 Agriculture Appropriations bill included \$10 million for the purchase of Electronic Identification (EID) tags and related infrastructure. USDA is hopeful that the final FY 2024 Appropriations bill will include necessary resources to help USDA to provide tags to producers free of charge to jump-start efforts to transition to this new system and help enable the fastest possible response to animal disease. The science is clear that traceability is necessary for controlling both fast-moving diseases, like foot-and-mouth disease, as well as slower-moving diseases, like bovine tuberculosis and brucellosis. This system will allow us to not only show our trading partners proof of where animals have been, thus protecting export markets, but it also helps guarantee rapid response in the event of an animal disease emergency.

*Question 2.* With more than \$166 billion in Federal funding directed to broadband in the last 5 years, how will USDA ensure that the money will not duplicate—and will compliment—existing funding opportunities?

*Answer.* USDA meets regularly and on an *ad hoc* basis with the FCC/NTIA/Treasury to ensure that Federal dollars are spent in the most efficient way possible. Additionally, USDA shares information with our Federal partners regarding the awards made under our programs to enable other agencies to take those awards into consideration to ensure projects do not overlap or overbuild existing services already made available.

*Question 3.* The private-sector regularly works to support farmers who voluntarily implement conservation practices or choose to try new conservation practices. For example, General Mills recently commissioned a study that found that for every \$1 contributed towards regenerative agriculture in the Cheney Lake Watershed, approximately \$5 in additional economic value is generated. How can USDA continue to leverage the private sector's work and findings in its own work?

*Answer.* Through its technical and financial assistance programs, USDA is leveraging work already being done by the private-sector and incorporating its research and learnings into USDA's ongoing efforts.

The Agricultural Conservation Easement Program provides financial and technical assistance to help conserve wetlands and sustain their benefits to terrestrial and aquatic wildlife. We have multiple initiatives to improve water quality. For example, in California, through the Bay Delta Initiative, USDA and its local partners are using snowmelt information from differing geographic locations within the Bay-Delta Plan to address critical water quantity, water quality, and habitat restoration needs of the Bay Delta region by implementing voluntary conservation on private lands.

*Questions Submitted by Hon. Randy Feenstra, a Representative in Congress from Iowa*

*Question 1.* Does USDA have any information on the impact Prop. 12 will have on increasing consolidation in the pork industry?

*Answer.* No, USDA does not currently have research which examines how Proposition 12 may impact consolidation within the pork industry.

*Question 2.* NAHLN funding is vital to safeguarding our nation's food supply. This funding provides for state of the art testing capabilities, enhancing biosecurity, and increasing U.S. emergency preparedness. What started with 12 laboratories has now grown to over 60 through this program. What is USDA doing to ensure this network is focused on innovative solutions to animal health threats especially during this time of immense growth?

*Answer.* NAHLN is the backbone of our surveillance detection network and is key to our ability to rapidly detect and respond to foreign animal diseases. The new animal health programs in the previous farm bill gave APHIS a dedicated stream of funding from the Commodity Credit Corporation to enhance this critical network. Since the farm bill program began, we have provided almost \$30 million to the network above the appropriated amount.

Each year we solicit project ideas from these laboratories and fund the most promising ones. Past projects have standardized the interoperability of communication between the labs and USDA and increased the capacity of the network in detecting disease. The yearly funding stream allows the laboratories to help us identify gaps in our animal health testing capabilities and innovative and promising solutions,

strengthening the labs themselves and our overall animal health surveillance abilities.

Additionally, we have funded five NAHLN laboratories to represent their regions in providing risk assessment and assay development to address potential pathogens threatening animal agriculture. We have also set up working groups across laboratories that have enhanced collaboration across the network. Some examples:

- The NAHLN Methods Technical Working Group, made up of diagnosticians from both NAHLN laboratories and the National Veterinary Services Laboratories reference laboratories, evaluates new technologies to support a response to potential emerging diseases. Methods comparisons help to identify the best tools for surveillance and response for high-consequence animal diseases.
- The NAHLN Exercises and Drills Working Group engages NAHLN laboratories, their state government representatives, and industry partners in preparedness exercises at the local level while supporting similar activities at the regional and National level.

*Question 3.* New export market opportunities exist all around the globe and will play a critical part in the years to come as our export markets shift. In your opinion, where are some areas of the world that present potential for U.S. agriculture exports, particularly corn and pork?

*Answer.* The U.S. Department of Agriculture (USDA) remains laser-focused on expanding trade and market opportunities for U.S. food and agricultural products and building on significant wins under the Biden-Harris Administration to break into new markets. Since 2021, we have actively engaged with trading partners to reduce tariff and non-tariff barriers for more than \$21 billion of U.S. agricultural exports.

USDA is also investing in a variety of initiatives to boost U.S. exports to a variety of global markets, with an emphasis on markets with large and growing middle-class populations. The \$1.2 billion USDA investment to implement the Regional Agricultural Promotion Program complements other traditional export market development and promotion programs to enhance exporters' ability to diversify into new markets and increase market share in growth markets.

USDA is committed to supporting export opportunities for U.S. pork exports. USDA works closely with U.S. industry representatives to understand and identify key markets with growth and export potential for U.S. products. Beyond maintaining traditional markets such as Mexico, Canada, Australia, and China, we see opportunity for export growth of U.S. pork to countries such as the Dominican Republic, Central American countries, and hopefully South Africa and Jamaica once barriers can be removed.

*Question 4.* Mexico is the number one destination for U.S. corn exports, and in fact 47.5% of our total corn exports go to our southern neighbor. As you know, Mexico's biotech ban on certain uses of biotech corn has already had an impact on U.S. corn exports and it threatens to upend market access to our most important customer if Mexico's corn decree is fully implemented. We appreciate the work of USTR and USDA in launching the dispute settlement process under USMCA. How has USDA been coordinating with USTR to ensure that the U.S. position is successful, and that the panelists can vividly see that the science is on our side?

*Answer.* Addressing this issue through the USMCA dispute resolution process is a top priority for the U.S. Department of Agriculture and the Office of the United States Trade Representative (USTR). Under the USMCA, we and our partners have jointly agreed to maintain science-based measures. For decades, our system has ensured that commercialized biotech-improved products are as safe as conventional counterparts—and it will continue to do so. This USMCA dispute is currently in active litigation, and USDA is working very closely with USTR to ensure U.S. corn growers have full and fair access to the Mexican market.

*Question 5.* What actions has the USDA taken, such as assigning a director and others, to support AGARDA?

*Answer.* USDA is uniquely poised to lead development of transformative technologies, research tools, and products through advanced research on long-term and high-risk food and agriculture challenges. The science team across USDA has experience, infrastructure, and a proven record of innovative accomplishment. As climate change fuels a hotter, drier future, we must do more to ensure producers have the tools to continue producing the safest and most abundant food supply in the world. USDA believes it is critical that we support high-risk, high-reward agricultural innovation research that can help to address major challenges in agriculture and forestry systems at USDA through the AGARDA pilot program. Our vision is to construct a scalable organization, pending appropriation from Congress in the coming fiscal years. With current funding, we are in a planning posture. This has involved



engaging with partners and stakeholders, listening, and planning a pilot project. Once AGARDA is properly resourced, this program can further advance innovation in agriculture.

*Question 6.* In 2015 we had a devastating outbreak of HPAI, and here we are again entering year 3 of an HPAI outbreak unfortunately breaking new records of HPAI cases. What are the proactive steps USDA is taking to answer the questions that still remain unanswered about this virus? Have you put together a plan that addresses all the concerns that are ultimately needed to eliminate this virus?

*Answer.* We know a lot about this virus: where it comes from, how it spreads, and how to address it. While the outbreak has had a devastating impact on producers throughout the country, the good news is that we know how to eliminate the virus from commercial facilities and our efforts work. In March 2022, we had 51 outbreaks in commercial facilities. In February 2024, we had just seven. We know the virus is largely transmitted by wild birds. While our epidemiological investigation does sometimes identify farm-to-farm spread, the most common source of infection is from wild birds. This is why we have so heavily stressed biosecurity at these facilities. There are simple measures producers can take to harden their biosecurity and to dramatically reduce the risk of infection. In the event a farm does become infected, we have standardized processes in place to quickly eradicate the disease and to get affected farms back into production as quickly as possible.

We know that improvements to biosecurity can be expensive for producers to make, so we are making sure producers understand the role the Farm Service Agency (FSA) can play. They have resources that may be helpful to poultry producers seeking to enhance their biosecurity, specifically their structural biosecurity (e.g., physical construction and maintenance of coops, pens, poultry houses, farm areas). FSA offers direct and guaranteed loans to promote, build, and sustain family farms. Among many other uses, these loans can assist poultry producers with implementation of biosecurity measures for their operations.

*Question 7.* Small and beginning farmers, especially those without inherited land have started to feel the pressure of increased interest rates. According to the Kansas City Fed, rates were more than a full percentage point higher than average rates last year and stayed between eight and nine percent. That rate hike can see all margin squeezed away even if they are able to access land. Would tax policy set by Congress that would reduce interest rates on producers by 1% have a positive impact on young, beginning and socially disadvantaged farmers?

*Answer.* The Department is willing to engage in conversations with the U.S. Department of Treasury, which has the institutional expertise in tax policy, and your office to better understand your proposals and its potential impacts.

*Question 8.* Competition has been a key piece of your agenda. Just as producers price shop for seed, fertilizer and other inputs, they also shop for credit. Do you think added competition in the agricultural lending space would be beneficial to interest rates offered to producers?

*Answer.* USDA is supportive of policies and practices that encourage robust participation in the agricultural lending space. Numerous lending options create an environment of healthy competition that leads to innovative credit products tailored to the specific needs of an individual, an industry, and a community. FSA Farm Loan Programs fill an important role in the lending community, with particular emphasis on funding opportunities for beginning farmers and historically underserved farmers. FSA's direct and guaranteed loan programs support, and often work in partnership with, traditional credit resources from banking institutions, credit unions, and the Farm Credit System. FSA also recognizes the increasingly important role of other non-traditional lenders, such as insurance companies, farm input suppliers, and equipment manufacturers. The many options for prospective borrowers to choose from can create an environment where loan costs and interest rates are kept as low as possible in many situations. However, FSA recognizes there are still regions where lending options are limited. In these areas, sometimes referred to as "credit deserts", FSA may be the only significant agricultural lender. To ensure all producers have reliable access to credit regardless of where they farm, the Administration has included legislative language in the FY 2025 President's Budget that would remove a cap on the number of years a producer could use FSA direct loan programs.

*Question 9.* How does USDA, specifically APHIS, work with other countries animal disease traceability agencies to prevent African Swine Fever or Foot-and-Mouth Disease from coming into the United States? And what can Congress or USDA look to improve upon when it comes to ensuring foreign animal diseases do not enter through our ports?

*Answer.* APHIS has strong partnerships with our foreign trading partners and that is an important part of our ability to keep foreign animal diseases out of this country. These relationships are especially critical when determining whether and under what conditions imports can safely occur. We exchange technical information about the animal health status and veterinary infrastructure in these countries that allow us to make informed decisions about what to import and what risk mitigation measures we need to put in place to allow imports to come in safely. In the case of a disease like foot-and-mouth, this may mean the responses we get from a trading partner result in an analysis that determines there is no safe way to import an animal or animal product.

The previous farm bill gave APHIS brand new tools to fight foreign animal diseases, in particular, the National Animal Disease Preparedness and Response Program (NADPRP). NADPRP gives APHIS additional resources to work with its partners to expand the reach of its animal health programs and to identify and fill in gaps in our existing preparedness and response capabilities. Under NADPRP, APHIS provides funds to states, universities, industry organizations, Tribal partners, and other eligible entities to support projects that help prevent and prepare for the most serious animal diseases that threaten U.S. livestock, poultry, and related industries. The program has been a great success and our state, university, and other partners have provided hundreds of project suggestions over the years, far exceeding the level of funding available for these projects. In the last two NADPRP funding opportunities, APHIS has only been able to fund 57% of the project proposals submitted by our partners.

*Questions Submitted by Hon. Mary E. Miller, a Representative in Congress from Illinois*

*Question 1.* During your testimony, you said you have had discussions about agriculture and climate change with John Kerry. What did you and John Kerry discuss regarding farmers and Climate Change?

*Answer.* As part of the Biden-Harris Administration's commitment to combat climate change, the Department is focused on advancing investment in climate-smart agriculture, food systems, and forest management.

*Question 2.* Have you had any discussions about farming and agriculture with John Podesta? What have you and John Podesta discussed regarding the agriculture industry?

*Answer.* See answer to Bost *Question 2*.

*Questions Submitted by Hon. Brad Finstad, a Representative in Congress from Minnesota*

*Question 1.* As you are aware, EPA has been taking a novel approach to come into compliance with the endangered species act. They have the ESA workplan, the Herbicide Strategy, the Vulnerable Species Pilot Program. We have heard from several grower groups that since none of these actions are considered rulemakings, EPA has not provided responses to comments, despite the enormous cost this will mean for producers. It would seem that these action bypass peer review and the coordinated interagency review process that should normally happen. Given that EPA is seemingly cutting out public participation, what role, if any, is USDA playing?

*Answer.* USDA, through the Office of Pest Management Policy, is encouraging EPA to respond in writing to public comments. In addition, OPMP will be co-hosting a workshop with EPA to help identify additional mitigation measures that are needed so that all growers are able to comply with EPA's expectations, as well as identify information and data available to support those measures.

*Question 2.* Since EPA is applying the mitigations using the FIFRA framework, not under the ESA. FIFRA requires EPA to complete cost-benefit analysis for their actions. Are you aware if EPA is consulting with your Chief Economist on what these proposed mitigations—like taking land out of production—will cost growers?

*Answer.* USDA's OPMP, under the Office of the Chief Economist, has provided information to EPA proactively on the expected impacts of EPA's proposals to growers, including the potential for financial and land use impacts.

*Question 3.* Mr. Secretary, I know that you are considering the best way to implement the SUSTAINS Act. A number of Minnesota companies, including General Mills and others, are very interested in how this law will be implemented. Organizations like General Mills have been working on sustainability issues for a long time, including providing multiple grants to Minnesota organizations to do things like train certified crop advisors and provide farmer to farmer soil health education. Without clear information on program implementation, companies are curious whether their conservation work would be more impactful through the SUSTAINS

Act or if continued efforts outside of the Department would be more impactful. Their insights could be very valuable to USDA as you continue to navigate this space.

Can you please provide an update on what the plan is for implementation of the SUSTAINS Act and how do you intend to engage with private industry as you make implementation decisions?

*Answer.* Over the next several months, USDA will engage stakeholders to seek feedback on the best way to leverage the SUSTAINS Act through new conservation public-private partnerships. We will be holding listening sessions with a range of stakeholders, including private industry representatives. The Department wants to understand stakeholder interest in leveraging conservation funds through SUSTAINS as we aim to develop a program that maximizes benefits for producers and conservation outcomes.

*Question 4.* Mr. Secretary, as you mentioned before the Committee, the states carry out nutrition programs authorized through the farm bill. However, as you know, USDA holds final accountability for ensuring that benefits reach the intended beneficiaries. In 2022, SNAP's error rate was nearly 12 percent. Meanwhile, approximately  $\frac{1}{20}$  of 1 percent of the annual nutrition budget is spent on program integrity. It is Congress' expectation that your department works with states to ensure taxpayer confidence in these programs is upheld rather than passing the blame.

Mr. Secretary, do you agree that USDA should do more to prioritize investments in integrity measures for USDA's nutrition programs?

*Answer.* USDA is deeply committed to ensuring program integrity and good stewardship of taxpayer dollars. We have taken aggressive action to modernize and strengthen SNAP, including protecting the program from any threats to its integrity. USDA takes our oversight and monitoring role of state SNAP performance seriously. Rather than passing the blame, we work collaboratively with states to support, build, and maintain high-quality SNAP programs that offer strong customer service and program integrity.

USDA is also working aggressively to help states accelerate their progress on reducing payment errors. To be clear, error is not synonymous with fraud. Rather, the SNAP Payment Error Rate is a measure of how accurately states determine eligibility and benefit amounts. The SNAP Quality Control system, which involves both state and Federal case reviews to assess payment accuracy, is among the most robust quality control systems across Federal programs. In addition to continuing to strengthen the SNAP Quality Control System, USDA has doubled down on our work with state partners to decrease payment errors by tackling the issues at their root cause—including through ongoing engagement with states on error analysis and targeting corrective actions.

Beyond USDA's efforts to work with states to improve payment accuracy, USDA has proposed additional investments in Federal oversight of retailers to ensure program integrity. We agree that additional investments would enhance USDA's efforts to prevent and combat SNAP fraud and more robustly support state actions to ensure program integrity. In fact, USDA's FY 2024 budget requested much-needed funding to do just that, including: a "strike force" of retailer investigators for improved oversight of the more than 260,000 retailers authorized to redeem SNAP benefits and other activities that promote retailer integrity efforts; State-of-the-Art Systems for SNAP Retailer Management; enhanced system security and data encryption capabilities to address evolving cyber-security threats; and other modernization and benefit theft fraud prevention efforts.

Unfortunately, Congress did not fully fund these requests—despite the fact that the required funds would not have counted towards the discretionary caps. Instead, the specific SNAP line-item that would have funded these efforts only received a minimal increase, insufficient to meet our program integrity needs and thereby hampering our ability to tackle fraud head-on. We have requested these proposals again for FY 2025 to support USDA's fight against SNAP fraud in any form and welcome your support. These investments would strengthen crucial pieces of our robust fraud prevention efforts and help USDA fulfill our deep commitment to program integrity and good stewardship of taxpayer dollars—a goal we all share.

*Question 4a.* What steps has USDA taken, including investments in asset verification systems, to ensure bad actors are prevented from defrauding the American taxpayer and stealing benefits from the intended individuals in need?

*Answer.* USDA is committed to combatting SNAP fraud in any form, including recipient fraud, retailer fraud, and SNAP benefit theft through card skimming, card cloning, or other fraudulent methods. Those who defraud SNAP are committing a serious crime that takes advantage of low-income families. While the vast majority of SNAP benefits are used as intended—to supplement the food budgets of eligible

families in need—we do not tolerate any fraud in our programs. USDA works closely with state and Federal partners, law enforcement, SNAP retailers, EBT processors, and other industry experts to protect SNAP benefits and combat SNAP fraud. We are continuously innovating to ensure program integrity—striving to stay ahead of those who would violate program rules and utilizing the latest anti-fraud technology and techniques.

We work collaboratively with states to support, build, and maintain high-quality SNAP programs that offer strong customer service and program integrity. While Medicaid requires states to implement Asset Verification Systems (AVS) for determining some types of Medicaid eligibility, SNAP does not have a similar requirement and instead prioritizes using documentary evidence and other data-matching systems. SNAP state agencies have some discretion when verifying resources. However, *all* states must verify any resource information that appears to be questionable. State agencies use documentary evidence, such as bank statements, as the primary source of verification. If documentary evidence cannot be obtained or if the verification provided is insufficient, the state may require a collateral contact. There are a number of challenges associated with AVS that may not make it suitable for SNAP-specifically, not all financial institutions participate in AVS, and the results are not available in real-time, which may affect application timeliness. USDA has instead prioritized targeted fraud prevention efforts that more effectively promote program integrity, as follows.

USDA has a robust team of highly-trained data analysts and investigators dedicated to preventing and prosecuting retailer fraud and trafficking. In our oversight of more than 260,000 participating retailers, we constantly strive to deter and root out all types of fraud in SNAP. USDA monitors all SNAP retailers in a variety of ways including, for example, via undercover investigations and the monitoring of transactions for anomalous activity. In FY 2022, USDA conducted nearly 9,000 investigations, took action against more than 4,000 retailers, and permanently disqualified nearly 1,000 retailers.

USDA also provides significant support to our state partners in fulfilling their responsibilities to prevent, detect, and eliminate fraud. For example, USDA developed the SNAP Fraud Framework in 2018, a toolkit of evidence-based strategies that combines data analytics with best practices from industry to empower states to detect and prevent fraud. To date, USDA has provided approximately \$18.9 million in SNAP Fraud Framework Implementation grants to 34 state agencies to support their fraud prevention, detection, and investigation efforts. For example, Texas developed an automated fraud data analytics model that allows investigative staff to identify households that may be engaging in SNAP fraud, and Colorado received grant funding to develop a database that contains all transaction information from EBT cards to inform analytic-driven decision-making. USDA has also undertaken several other initiatives over the last decade aimed at supporting states in implementing business process reengineering and improving client education and data analytics activities to prevent recipient fraud.

Additionally, FNS is taking aggressive action to combat card skimming, card cloning, and other methods of stealing SNAP benefits, which can be devastating for victims who rely on their benefits to feed their families. USDA and our state partners are working quickly to help SNAP participants harmed by these crimes, catch the perpetrators involved, and prevent future theft, so we can ensure that households in need can use their benefits to put food on the table and taxpayer dollars are appropriately used. Specifically, USDA is encouraging states to enhance card security, including by providing technical assistance to any SNAP state agency interested in adopting chip-enabled cards, and advancing national standards for higher security SNAP EBT cards. USDA is also piloting mobile contactless payments in SNAP in five states, which has the potential to help protect families from having their SNAP benefits stolen because of card skimming. Notably, USDA is using innovative new tools to identify fraud through real-time monitoring of SNAP transactions. For example, USDA is piloting an application that collects SNAP transaction details in real-time, which could help us identify and prevent fraud and EBT card skimming earlier.

*Question 4b.* In FY22, USDA awarded grants to 16 states, including Minnesota, to evaluate their use of third-party databases to verify earned income. Can you provide an update on how USDA's deployment of these pilots has strengthened program integrity, including in relation to earned income verification?

*Answer.* In the *Consolidated Appropriations Act, 2021*, Congress provided the USDA with funding intended to improve states' ability to verify household earnings via third-party income databases for SNAP purposes. Using this funding, USDA issued a total of 21 grants to states to support these efforts in Fiscal Years 2020 through 2023. As a condition of these grants, SNAP state agencies provided quali-

tative and quantitative information to USDA about their experiences using third-party income databases (TPIDs) to verify earned income. Through this effort, USDA gathered information about state processes and procedures for accessing and using TPID data and the impacts of TPID access on program administration and access. This project helped USDA support states in improving wage and salary information verification, recognizing that this is a long-standing driver of payment errors, as well as procedurally based denials of SNAP applications and delays in providing benefits to eligible households. USDA also issued a Request for Information (RFI) in May 2022 to obtain information to further inform a national strategy for enabling access to TPID data.

In October 2023, USDA awarded a national contract to Equifax and Experian to provide third-party employment and earned income verification data services to SNAP state agencies. This contract, known as the SNAP Earnings Verification Service (EVS), is an optional, nationwide resource working to provide participating state agencies with access to third-party databases to verify applicants' and participants' employment and earnings. USDA expects that real-time access to current earned income information will reduce administrative burden and improve customer service while also improving payment accuracy. USDA continues to regularly meet with states to answer questions and offer technical support.

*Questions Submitted by Hon. Mark Alford, a Representative in Congress from Missouri*

*Question 1.* Agricultural biotechnology is a cornerstone of U.S. agriculture, enabling us to produce food and agricultural products with less land, less water, and reduced emissions. Unfortunately, APHIS's current system of permitting for the interstate, lab-to-lab movement for certain engineered microorganisms is burdensome and creates significant delays. This stifles innovation. Do you commit to work with Congress on a more streamlined, risk-proportionate approach to allow for intra-organizational movement of certain engineered microorganisms across state lines?

*Answer.* We recognize the importance of microbe research to industry, academia, and American agriculture. In recent years, APHIS has made great strides in modernizing the biotechnology regulatory process. The agency continues to commit significant resources to this effort while ensuring safety and accountability under the Plant Protection Act.

More recently, APHIS has engaged with industry and academia to better understand the challenges they face and additional regulatory flexibilities they seek related to working with modified microbes. Based on this feedback, in October 2023, APHIS updated its *permit guide*<sup>14</sup>\*\*\* to allow unlimited interstate movement for up to three years-of specific microorganisms to all facilities listed on the permit that have demonstrated the capacity to safely contain these microbes. APHIS also enabled applicants to include multiple species of microorganisms in one permit application to reduce administrative burden. In addition, in March, APHIS began allowing a new permit flexibility that allows developers to include multiple destination locations in biotechnology import permits.

In the near future, APHIS looks forward to seeking input from stakeholders regarding pathways to commercialize modified microbes by publishing a request for information in the *Federal Register* or hosting listening sessions. With this effort, we are focused on eliciting new ideas and approaches to better serve companies working with these products.

*Question 2.* Biobased products play an important role in our national security, reliability of our supply chains, and markets for agricultural producers. I introduced the Biomanufacturing and Jobs Act alongside my colleague Rep. Angie Craig to improve USDA's BioPreferred Program and further encourage the purchase and use of biobased products. Developing biobased products and processes will also support the U.S. in competing against countries with more established bioeconomies.

Can you share your perspective on USDA's role in educating agencies on proper procurement, and how USDA's work on biobased products impacts our economic and national security while fostering a competitive agriculture bioeconomy in the U.S. and globally?

*Answer.* The growing bioeconomy has the potential to create unprecedented growth in the rural economy and create a higher level of self-sufficiency for farming

<sup>14</sup><https://www.aphis.usda.gov/biotechnology/downloads/draft-brs-microbe-permit-guide.pdf>.

\*\*\* **Editor's note:** the hyperlink results in an Page Not Found error. The link for the updated *Guide for Submitting Permit Applications for Microorganisms Developed Using Genetic Engineering Under 7 CFR Part 340* on APHIS's site is: <https://www.aphis.usda.gov/sites/default/files/brs-microbe-permit-guide-revised-draft.pdf>.

and rural communities. USDA programs support development of a more robust rural economy and assist rural businesses and cooperatives expand, gain increased access to capital, leverage existing market opportunities, and facilitate competitive markets. The BioPreferred® Program supports and encourages the purchase of biobased products and has the ability to spur economic development, increase jobs, and provide new markets for farm commodities. The program provides biobased product manufacturers with market opportunities for their biobased products and increases the purchase and use of biobased products in the Federal Government. In addition to economic impacts, substituting renewable agricultural feedstock for petroleum-based products can help us reduce our dependence on petroleum as well as increase the potential to reduce greenhouse gas emissions.

USDA looks to continue to build the program and ensure its long-term success and will remain committed to providing leadership, direction, integration, and coordination of the biobased program for USDA and the Federal Government. We will maintain ongoing efforts to develop new training programs for Federal Procurement Officers and improve reporting and tracking of biobased product purchases. The program intends to expand outreach efforts to make sure we are communicating with manufacturers and vendors and disseminating information to other agencies who work with manufacturers and vendors. We also believe a key to the development and successful implementation of an affirmative biobased procurement program is through promotion, education, and technical assistance.

*Question 3.* The American bioeconomy provides vital opportunities for growers in my district and across the country, while also powering important investments across the nation in manufacturing. Can you share how the USDA BioPreferred program is working to help these important growers and manufacturers capture a premium in the market?

*Answer.* With the goal of increasing the development, purchase, and use of biobased products, USDA's BioPreferred® Program strives to be the Federal Government's official advocate and market accelerator for biobased products. The Program's primary goals are to spur economic development; create new markets for farm commodities; increase the development, purchase, and use of biobased products; create new jobs; support people in rural communities; promote innovation; and contribute to a growing and thriving bioeconomy. The Program requires Federal agencies and contractors to give purchasing preference to biobased products. The USDA BioPreferred Program also includes a certification and labeling initiative for biobased products to be labeled with the USDA Certified Biobased Product Label. More than 2,400 companies spanning all fifty states participate in the Program. From farm and field all the way through the manufacturing process, the expanding market for biobased products creates jobs and helps support economic growth in rural America.

The USDA Certified Biobased Product Label helps to create and expand markets for biobased products by making them stand out to consumers, particularly for those consumers with a desire to purchase products that positively impact climate change and promote healthier indoor and outdoor environments. The label and other promotions by USDA help to establish new markets for biobased products and increase market share for these products, helping farmers, manufacturers, and investors.

*Question 3a.* How many products are currently certified and in the pipeline?

*Answer.* There are currently 8,400 USDA Certified Biobased Products with about 250 applications in the screening and testing stages. Products take about 60 days to go through the BioPreferred Program's screening, undergo testing, and obtain certification. On average, the BioPreferred Program receives approximately 115 new applications each month.

*Question 3b.* How have those products been treated in the Federal procurement space?

*Answer.* Products in the BioPreferred® Program support the strategic goal of creating a market for biobased products through mandatory government-wide purchasing requirements. The Program's central registry and online catalog now includes 139 product categories representing over 8,900 biobased products and allows Federal contracting and procurement officials to locate and compare products that meet the mandatory procurement requirements.

Federal Service and Construction contractors are required to report their biobased product purchases annually. In FY 2023, these contractors reported purchases of biobased products from 130 distinct categories with a total reported spend of \$64 million. Executive Order 14081, Advancing Biotechnology and Biomanufacturing Innovation for a Sustainable, Safe, and Secure Bioeconomy, requires additional Federal agency reporting to the Office of Management and Budget. The BioPreferred

Program looks forward to agency purchasing results from other procurement vehicles.

*Question 3c.* How many USDA BioPreferred products are included in Federal procurement catalogues—not just at USDA but across the government?

*Answer.* Currently, there are approximately 8,285 USDA Certified Biobased Products and 8,900 biobased products that qualify for Federal purchasing listed in the USDA BioPreferred Program's online catalog.

Both GSA Advantage! and DoD FedMall offer biobased products in their environmental aisles. The BioPreferred Program strongly encourages Program participants to obtain a GSA schedule contract to take advantage of these markets for their products. Through our website and newsletters, we also encourage Federal buyers to make purchases through these resources.

*Question 4.* The University of Missouri's Agricultural Experiment Station performs cutting-edge research over 14,000 acres, and houses the Bradford Research Farm, one of the largest concentrations of research plots for crops and soils in Missouri. To ensure that agricultural innovation developed at our universities support our farmers, on-farm trials are essential. Secretary Vilsack, how can NRCS programs like the Conservation Innovation Grants under EQIP better support the use of innovative research that will increase yields and efficiencies, while also reducing emissions?

*Answer.* The Conservation Innovation Grants (CIG) program stimulates the development, adoption, and evaluation of innovative conservation approaches. The CIG program, both Classic and On-Farm Conservation Innovation Trials (OFCIT) has a history of projects led by universities. OFCIT in particular includes farmer field trials and incentive payments to encourage the adoption of innovative conservation approaches like the ones described above. In FY 2023 we removed the match requirement for OFCIT to make it easier for entities to participate in the CIG program.

*Question 5.* Mr. Secretary, as you know, the U.S. has long enjoyed a trade surplus in agricultural goods. However, in recent years we have been losing that advantage. Recent USDA projections have forecasted a record trade deficit of \$30.5 billion for the fiscal year 2024. Enforcing existing trade agreements is crucial to supporting market access for our ag producers.

On that front, I know your department has been working to reopen markets to U.S. poultry products in both China and Columbia. For China, trade has been blocked from a large number of states due to stated concerns about HPAI (Highly Pathogenic Avian Influenza) despite the fact that there are existing bilateral agreements governing the Hi-Path protocols with which the U.S. is compliant. For Columbia, we understand that Columbia has stopped issuing import permits for all poultry products but have not provided official notification of market closure.

Could you briefly give us an update on your department's efforts and progress towards reopening these markets?

*Answer.* USDA has been working diligently to facilitate exports globally and continues to press forward to remove as many barriers to trade as possible. With regards to Colombia, you are correct that in August 2023, Colombia did restrict the import of poultry, egg, and genetic products due to HPAI concerns. This was viewed as a deviation from the 2012 regionalization agreement under the U.S.-Colombian Trade Promotion Agreement. In February of 2024, agreements were reached by both the Colombian and U.S. Governments, completely reopening the 10th largest market globally for poultry, estimated in value at over \$100 million annually.

In October and November 2023, the People's Republic of China (PRC) updated registration lists for the first time since 2022, including new facilities which are preparing to ship "cooked paws". There are still 31 U.S. states that are under HPAI-related restrictions. However, as of March 2024, the PRC has not removed state-level HPAI import suspensions on multiple states that already meet the criteria for HPAI freedom under the 2020 bilateral protocol. The PRC remains the second leading market for U.S. poultry exports, despite serious challenges related to HPAI-based restrictions. In 2022, U.S. poultry export sales totaled nearly \$1.1 billion, making PRC the second largest foreign market for U.S. poultry and poultry products, following Mexico. To date, APHIS-Beijing has now submitted HPAI release letters and supporting documents for 27 U.S. states that are eligible to export according to the terms of the protocol.

*Questions Submitted by Hon. Derrick Van Orden, a Representative in Congress from Wisconsin*

*Question 1. Dairy Business Innovation Initiative:* Secretary Vilsack, dairy is an economic engine for the upper Midwest and provides bountiful nutrition for mil-

lions of Americans. I'm so glad the U.S. House passed the Whole Milk for Healthy Kids Act in December—we need more milk options for schools and children, less chalk water more real milk. I am really interested in solving problems and leveraging private industry to make investments in dairy. One of the efforts USDA offers is the Dairy Business Innovation Initiative. These initiatives convene farmers, industry partners, and academia to tackle production, processing, and marketing needs of the dairy industry specific to each initiative's coverage area. Focused on enhancing the capacity and vitality of the dairy industry, the program offers grants to industry participants.

I'd like to know how strong is the demand for the DBI's. Can you tell me how many project are funded, how many applications are received, how much funding is requested by companies and farmers applying, and how are we measuring the effectiveness of each DBI?

I hear good things about the one in Wisconsin, so I'm interested these public-private investments that grow dairy innovation and trade.

*Answer.* The Dairy Business Innovation (DBI) Initiatives support dairy businesses in the development, production, marketing, and distribution of dairy products. DBI Initiatives provide direct technical assistance and subawards to dairy businesses, including niche dairy products, such as specialty cheese, or dairy products derived from the milk of a dairy animal, including cow, sheep, and goat milk.

In 2023, AMS awarded \$23 million in awards to support dairy businesses and producers under the DBI program. The funds were awarded to the four current DBI Initiatives according to the formula mandated in the appropriation: \$1.8 million was awarded to the California State University Fresno and \$7 million each was awarded to the University of Tennessee, Vermont Agency of Agriculture, Food & Markets, and the University of Wisconsin. The DBI Initiatives provide technical assistance to dairy businesses and use at least 50% of the award funding for subawards to dairy businesses. The DBI Initiatives' approach of providing both technical assistance and subawards to dairy businesses serves as a unique and effective model by facilitating the development of critical relationships with local dairy producers and processors to support their on-the-ground needs.

Since 2019, which was the DBI Initiatives' first year of funding, the initiatives have funded over 600 subaward projects from over 1,800 applications received, representing over \$64 million in funding to support the growth of dairy businesses in the 40 states the DBIs serve. Each initiative designs its subaward program to meet the needs identified in the region. More information is available in the Dairy Business Initiatives Report to Congress here: <https://www.ams.usda.gov/sites/default/files/media/DBIReporttoCongress.pdf>.†

AMS works with the initiatives to gather information on the impact of the technical assistance the initiatives are providing as well as subaward data, including accomplishments, impacts, and success stories. Recently, AMS conducted listening sessions with the initiatives to standardize the collection of data that aligns with what the initiatives are collecting from their subaward recipients. This data standardization helps AMS to better understand and quantify program impacts. These initiatives are helping diversify the dairy product markets and promoting marketing and innovation benefiting work for producers in 40 states.

**Question 2. Organic FMMO:** I've heard from organic dairy farmers and organic milk buyers that the Federal Milk Marketing Orders offer no benefit or value for organic milk and have no bearing on day-to-day organic milk prices. The most recent FMMO hearings that concluded this past month did not review a proposal to exempt organic milk from pooling obligations, leaving hundred of organic farmers frustrated and disappointed. Is USDA willing to hear a proposal and establish a hearing on the role of organic milk in the Federal Milk Marketing Orders?

*Answer.* The Federal Milk Marketing Order (FMMO) program regulates organic and conventional milk identically because the Agricultural Marketing Agreement Act of 1937, as amended, classifies milk based on form and use, not on farm production method. FMMOs require conventional and organic milk processors to pay the same classified price for milk based on its end use—fluid milk, soft products, or storable products.

A proposal was submitted to treat organic milk differently within the FMMOs during the request for proposals in June 2023, in anticipation of the August 2023 hearing. Because the hearing was related to pricing formulas, the organic milk proposal was excluded from the hearing notice, a decision the Administrative Law Judge presiding over the hearing upheld.

At any time, interested persons can submit a proposal to amend the FMMOs in accordance with the regulations at 7 CFR 900.3. All proposals should fully address the submission requirements outlined in 7 CFR 900.22. Once a proposal has been



submitted, USDA will consider the proposal and determine whether a hearing should be held.

*Question 3.* U.S. corn growers are not unique among other U.S. agriculture commodities in facing challenges with expanding access in export markets. For example, corn exports to our key customers have dropped in recent years, and Brazil has claimed market share. As you are well aware, once market share has been lost, it is fairly difficult to get back. Obviously, I am acutely aware of USTR's primary role in negotiating trade agreements or other trade initiatives. However, can you share how USDA is working with USTR to underscore the need for a proactive approach so that our competitors do not continue to gain market share and capture opportunities that would have otherwise been ours? Additionally, how is USDA working to resolve SPS and technical barriers?

*Answer.* Last year, USDA worked with USTR, foreign governments, international organizations, and our private sector partners to reduce and eliminate trade barriers for U.S. exports, preserving more than \$6.4 billion in overall U.S. agricultural exports. USDA continues to actively work together with USTR to preserve market share. USDA continues to raise specific trade concerns for sanitary and phytosanitary (SPS) and technical barriers to trade during annual committee meetings, as well as through official USG comments to the WTO.

In addition, USDA provides trade capacity building to current and emerging trading partners to promote international trade and open markets for U.S. agricultural exports—creating predictable and transparent trade environments favorable to U.S. agricultural exports. USDA oversees projects that help U.S. trading partners understand and implement science-based international SPS standards and practices, as well as managing projects that address technical barriers to trade and trade facilitation. USDA collaborates with domestic and international experts to help build the institutional regulatory capacity of our trading partners to expand and ensure predictable market access for U.S. exporters.

*Question 4.* New export market opportunities exist all around the globe, and will play a critical part in the years to come as our export markets shift. In your opinion, where are some areas of the world that present potential for U.S. agriculture exports, particularly corn?

*Answer.* The U.S. Department of Agriculture (USDA) remains laser-focused on expanding trade and market opportunities for U.S. food and agricultural products and building on significant wins under the Biden-Harris Administration to break into new markets. Since 2021, we have actively engaged with trading partners to reduce tariff and non-tariff barriers for more than \$21 billion of U.S. agricultural exports.

USDA is also investing in a variety of initiatives to boost U.S. exports to a variety of global markets, with an emphasis on markets with large and growing middle-class populations. The \$1.2 billion USDA investment to implement the Regional Agricultural Promotion Program (RAPP) complements other traditional export market development and promotion programs to enhance exporters' ability to diversify into new markets and increase market share in growth markets.

When it comes to U.S. pork and pork exports, USDA works closely with U.S. industry representatives to understand and identify key markets with growth and export potential for U.S. products. Beyond maintaining traditional markets such as Mexico, Canada, Australia, and China, we see opportunity for export growth of U.S. pork to countries such as the Dominican Republic and Central American countries and hopefully South Africa and Jamaica once barriers can be removed.

Similarly, in addition to the goal to maintain market share in our traditional beef markets of South Korea, Japan, Mexico, Canada, and now, China, we also see opportunity for U.S. beef in markets such as Indonesia, Vietnam, and the Philippines, which have burgeoning populations and high middle-class growth. We also think Africa presents opportunities for U.S. beef.

With respect to corn and soybean exports, USDA is actively working to maintain markets for corn in countries such as Mexico, Japan, and China. Soybean exports are also being maintained in China, the EU, and Mexico. With USDA's new RAPP specifically targeting Africa, we view this as an opportunity to build momentum for U.S. beef, corn, and soybean exports to the region.

*Question 5.* Mexico is the number one destination for U.S. corn exports, and in fact 47.5% of our total corn exports go to our southern neighbor. As you know, Mexico's biotech ban on certain uses of biotech corn has already had an impact on U.S. corn exports and it threatens to upend market access to our most important customer if Mexico's corn decree is fully implemented. We appreciate the work of USTR and USDA in launching the dispute settlement process under USMCA. How has USDA been coordinating with USTR to ensure that the U.S. position is successful, and that the panelists can vividly see that the science is on our side?

*Answer.* Addressing this issue through the USMCA dispute resolution process is a top priority for the U.S. Department of Agriculture (USDA) and the Office of the United States Trade Representative (USTR). Under the USMCA, we and our partners have jointly agreed to maintain science-based regulations to protect human, animal, and plant life and health. For decades, our system has ensured that commercialized biotech-improved products are as safe as conventional counterparts—and it will continue to do so. This USMCA dispute is currently in active litigation, and USDA is working very closely with USTR to ensure U.S. corn growers have full and fair access to the Mexican market.

*Question 6.* In the 2022/2023 marketing year, the U.S. exported 1.25 billion gallons of ethanol, equivalent to 423 million bushels of corn. Ethanol imports offer several advantages to foreign customers who are seeking fuel options that are less carbon intensive. The U.S. has historically exported ethanol into Brazil. However, Brazil applied a 16 percent tariff on ethanol imports in 2022 that rose to 18 percent last month, which has essentially closed off market access for the U.S. How is USDA prioritizing market access opportunities for ethanol and working to address Brazil's trade action?

*Answer.* USDA continues to support U.S. ethanol market access opportunities through engagement and programs, such as the Market Access Program (MAP), Foreign Market Development (FMD), and USDA's new Regional Agricultural Promotion Program (RAPP). USDA actively engages our foreign counterparts around the world to resolve both tariff and non-tariff trade barriers, including in coordination with the U.S. industry to resolve issues they are facing.

For example, in 2023, FAS tirelessly worked to expand U.S. ethanol market access to Japan in the update to their biofuels policy so U.S. ethanol can meet 100 percent of the market, an increase from a market share of roughly 66 percent. Efforts also included obtaining legislative recognition on land use and biodiversity criteria under Canada's Clean Fuel Regulation (CFR), maintaining nearly \$3 billion of U.S. ethanol and biodiesel exports by removing potential trade barriers for U.S. participation under the CFR. Establishment of a new blending program in Panama, should lead to increased U.S. ethanol exports and serve as a global example for new biofuels policies. Vietnam and India also lowered their import tariffs on ethanol which will increase price competitiveness of U.S. ethanol for increased exports. Additional efforts, including in coordination within the U.S. government interagency, continue in these and other markets to support increased emphasis on U.S. biofuels in a variety of international forums to provide further weight to our U.S. biofuels requests.

USDA continues to actively engage with Brazil, in coordination with the Office of the U.S. Trade Representative, to address the restrictive tariff imposed on U.S. ethanol. This engagement has included government-to-government dialogues and meetings. USDA has also actively engaged with Brazilian regulators on their low carbon fuel policy, RenovaBio, seeking technical corrections that will allow U.S. ethanol to be certified under the program. Through these and other engagements, and despite exports dropping more than 99 percent to Brazil, 2023 was a record year for U.S. ethanol exports, valued at over \$3.8 billion, an increase of 3 percent from 2022. Volume-wise, U.S. ethanol exports amounted to over 5.4 billion liters in 2023, a 9 percent increase from nearly 5 billion liters in 2022.

*Questions Submitted by Hon. Lori Chavez-DeRemer, a Representative in Congress from Oregon*

*Question 1.* The U.S. is facing skyrocketing labor costs due to the Adverse Effect Wage Rate and Prevailing Wage calculations, and some Oregon farmers are struggling to keep up. Many of the producers in the Pacific Northwest farm specialty crops, which can be very labor intensive. Many of these producers have utilized the H-2A program for the last several years. However, I have heard from producers that as the rates continue to raise year over year, it no longer makes financial sense to participate in H-2A and feel backed into a corner. As you know, the Department of Labor sets the adverse effect wage rates and implemented the March 2023 Final Rule for its new adjustments. While I acknowledge that the Farm Workforce Modernization act could help address many of our ag labor challenges, we are still at the deference of Federal agencies when they make new rules. Mr. Secretary, should USDA be consulted or at all involved in future DOL rulemaking regarding H-2A or the ag workforce, given the innate understanding of agriculture practices?

*Answer.* USDA understands the need for a strong labor pool for farmers. That's why USDA announced the Farm Labor Stabilization and Protection Pilot Program, investing up to \$65 million in American Rescue Plan funding to support and safeguard the food supply chain.

With regard to rulemaking, USDA has been engaged on DOL and DHS H-2A rulemakings and will continue to be so engaged in the future.

*Question 2.* Secretary Vilsack, as you know drought continues to be a major challenge for irrigation districts and other water users across Oregon. Central Oregon has been the epicenter of prolonged drought in recent years and would have been more impacted without the investments made in irrigation modernization through the P.L. 83-566 program. I especially appreciate the time and resources NRCS has dedicated to improving water management in the Deschutes Basin but want to stress that the urgency to implement additional conservation projects is higher than ever with the Habitat Conservation Plan (HCP) mandated winter releases for the Oregon Spotted Frog getting ready to triple in 5 years. Unfortunately, shifting and sometimes layered processes and requirements, along with staff turnover and increasing demand on the program, has resulted in delays in completion of some watershed plans and implementation of others. Can you commit to working with me to improve the transparency as changes are being made to the P.L. 83-566 program and informing my office when significant changes to the process or requirements are made that will affect the timing of approvals of plans or funding?

*Answer.* Yes, USDA is committed to working with you to improve the transparency as changes are being made to the P.L. 83-566 program, otherwise known to many as the Watershed Protection and Flood Prevention Operations Program (WFPO), and informing you when significant changes to the process are made. I will also note that with Oregon and other state's tremendous successes with P.L. 83-566/WFPO and the investments made in the Bipartisan Infrastructure Law, we have seen a tremendous growth in interest and demand across the country for this locally led program to protect and restore watersheds.

*Question 2a.* Additionally, can you provide an overview of the factors and process involved with deciding whether to outsource environmental or watershed planning analysis and documentation rather than handling it inhouse?

*Answer.* Internal and external factors influence document preparation decision-making. Internal factors include organizational structure, goals, and funding. External factors include community and partner capacity, engagement, and a project sponsor's desire as part of a collaborative effort to improve natural resources within their county which is a key component to the locally-led planning process.

As part of locally-led planning efforts, specifically P.L. 83-566 Watershed Planning, NRCS utilizes partnerships with individuals, organizations, communities, and agencies to leverage resources. NRCS evaluates its ability to implement multiple programs by assessing staffing capacity, which includes different types of personnel. The agency draws on in-state personnel, regional and shared resource staff, and also leverages contracting and partnership agreements where possible to support watershed planning efforts.

*Questions Submitted by Hon. David Scott, a Representative in Congress from Georgia*

*Question 1.* Housing has become increasingly unaffordable for lower- and middle-income families, especially for socially disadvantaged groups. USDA's Single Family Housing Guaranteed Loan Program was designed to help those families own a safe, decent primary residence in rural America. Unfortunately, too many families are not able to take advantage of this program.

USDA may have some administrative flexibility to make the Single Family Housing Guaranteed Loan Program more accessible. USDA's handbook lists four compensating factors that can be considered when looking at a loan application. HUD, however, allows a lender to consider many more compensating factors.

Will USDA allow lenders to consider factors similar to HUD and how quickly can USDA make this adjustment to the handbook?

*Answer.* Yes, USDA is in the process of adding two more compensating factors to the Single Family Housing Guaranteed Loan Program Handbook, also known as the 3555 Handbook. The two compensating factors are like some of HUDs, and once added, lenders will be able to consider them when underwriting USDA-guaranteed loans. The review/clearance process for making changes to the 3555 Handbook takes approximately 3 to 9 months. We expect the new compensating factors, and a significant increase in the front-end ratio (aka PITI ratio), to become effective by August 2024.

*Question 2.* The income cap of 115% has not kept up with rising housing prices. In August 2023, USDA implemented a new income limit table for Puerto Rico. New income eligibility limits will allow a one-to-four-person household with an income of \$39,550 or a five-to-eight-person household with an income \$52,200 to apply to our programs across all rural areas in Puerto Rico. Does USDA have the authority to

implement new income limits for all states to allow more people to qualify for rural home loans?

*Answer.* USDA is restricted to the “respective levels” established by HUD, 42 USC 1437a(b)(2)(D), which requires consultation between the two agencies when establishing the income ceilings for the Direct Single-Family Housing (SFH) programs. Each year HUD releases its 1–8 person household income limits. These income limits are provided to Rural Development (the Agency) for its single and multi-family housing programs. The Agency then uses the HUD income limits to establish the two-tier structure for all SFH programs. Since implementation of the two-tiered structure in 2019, access to the Direct SFH programs has expanded in most areas, and is well received by our customers, partners, and program staff. However, that was not the case for Puerto Rico.

In Puerto Rico, households with income levels just above the poverty line continued to be ineligible for Section 502 Direct SFH assistance because they exceeded the low-income limit, even with the two-tier structure that was established in 2019.

For example, prior to the August 2023 change, a four-person household with two full-time wage earners at the prevailing minimum wage (\$8.50 per hour) earning \$35,360 per year exceeded the highest 1–4 person low-income limit (San Juan at \$28,000), by over \$7,000.

Therefore, the Agency consulted with HUD and recommended a different approach for determining the Puerto Rico income limits to remove this inequity. The resulting formula is as follows:

- 1–4 Person Household Low-Income Limit
  - The greater of:
    - HUD’s banded incomes for the 1–4 person limit; or
    - Annual household income for two full-time wage earners at the prevailing minimum wage.
- 5–8 Person Household Low-Income Limit
  - The greater of:
    - HUD’s banded incomes for the 1–4 person limit; or
    - Annual household income for two full-time wage earners at the prevailing minimum wage, plus 32%.

Implementation of this approach resulted in significant increases for all municipalities in Puerto Rico. It is important to note that while this change provides significant increases for Puerto Rico, it is still approximately *\$10,000 less than the low-est income limits for any of the Contiguous U.S. States, Alaska, and Hawaii.*

*Question 3.* Mr. Secretary, you have been very public in suggesting that perhaps you could use the CCC (Commodity Credit Corporation) as a means to address the growing demand from commodity groups for strengthening the farm safety net through an increase in reference prices, perhaps in a similar way as you used CCC fund to create RAPP (Regional Agricultural Promotion Program) as a compliment to the MAP (Market Access Program) and FMD (Foreign Market Development) programs.

Have you confirmed with USDA’s Office of General Counsel that the CCC Charter Act provides you will sufficient authority to achieve this goal?

*Answer.* At USDA we are willing to work with Congress to find ways to utilize the resources of the Commodity Credit Corporation to address concerns Congress has relative to reference prices. As I have said all along in order for there to be a farm bill, it is necessary for Members of the Committee to come together in a bipartisan manner and to be creative when it comes to how they can use the resources within the CCC at their instruction and direction to be able to provide the relief and assistance they’re looking for to bolster our safety net.

The Regional Agricultural Promotion Program (RAPP) and the recent assistance on international food aid programs are a demonstration of this willingness and a way to address challenges related to trade and food insecurity impacting U.S. farmers and the international community. I have not indicated that the Commodity Credit Corporation Charter Act could or would be utilized to increase statutory reference prices, rather that USDA is available to look at potential programs and review the CCC authority. One item of clarity, RAPP is completely separate from pre-existing farm bill programs.

*Question 3a.* Are you envisioning creating something that would operate completely separate from the PLC (Price Loss Coverage) and ARC (Agriculture Risk Coverage) programs or something that would work in tandem with these programs.

*Answer.* I would like to be clear that I am offering USDA to work with the Agriculture Committees to find ways that the CCC could be utilized to address concerns that Congress may have with the safety net. Then we can work with General Counsel to understand if the authorities can support Congress' needs and solutions.

*Question 3b.* Currently, only farmers with base acres can participate in the PLC (Price Loss Coverage) and ARC (Agriculture Risk Coverage) programs. If you want to use the CCC to help supplement these programs, would you tie your assistance to base acres? Do you believe it is fair to use CCC funds for a program that only provides assistance to growers of a commodity depending whether or not they have base acres?

*Answer.* I would like to be clear that I am offering USDA to work with the Agriculture Committees to find ways that the CCC could be utilized to address concerns that Congress may have with the farm bill.

*Question 4.* Last October, the Administration put forth its supplement appropriations request which included \$2.8 billion in disaster aid for farmers and livestock producers affected by natural disasters in 2023. That was more than 3 months ago. Does the Administration still stand by that number; is that sufficient to meet the need out in farm country?

*Answer.* The updated cost of operating an ERP-type program for 2023 is \$11.15 to \$12.28 billion. The new projected ERP gross payments are based on RMA's estimated Track 1A outlays which are then extrapolated to Track 1B/NAP and Track 2. This updated amount includes \$2.17 billion to refund all eligible producer premiums and fees.

*Question 5.* The last time the Risk Management Agency (RMA) provided for an inflation adjustment to the Administrative and Operating (A&O) reimbursement cap since 2015. The Consolidated Appropriations Act of 2023 Joint Explanatory Statement included language encouraging RMA to provide for an inflation adjustment for A&O reimbursements to account for fluctuations in the cost of servicing crop insurance policies. Has USDA looked into reinstating an inflation adjustment to the A&O cap administratively? If not, what are the impediments to doing so?

*Answer.* Without specifying in law that the A&O cap should be adjusted for inflation annually, the A&O reimbursement rates can't be changed without a renegotiation of the SRA. They are a financial term of the SRA. The report language from the Consolidated Appropriations Act of 2023 does not supersede the requirements in section 508(k)(8) of the Federal Crop Insurance Act (FCIA; 7 U.S.C. 1508(k)(8)). The Federal Crop Insurance Act requires that any renegotiation be done in a manner that, to the maximum extent practicable, is budget-neutral with regard to A&O payments and underwriting gains. Any future renegotiation would focus on ensuring the program is administered in an equitable manner while maintaining budget neutrality, as required by law.

Since it is a financial term, the inflation factors for the 2011–2015 reinsurance years were negotiated and incorporated in the third SRA draft issued on June 10, 2010, and were further detailed in the "Future SRA Provisions" attachment, which can be found on the RMA website News Archives ([usda.gov](https://www.usda.gov)). RMA did not unilaterally create or implement these factors as they must be part of a renegotiation under section 508(k)(8) of the FCIA. Any subsequent communications from RMA regarding inflation factors were informational in nature and only reported on the prior negotiated factors for 2012–2015.

*Question 6.* Given the complementary intramural and extramural programs of the Agricultural Research Service (ARS) and the National Institute of Food and Agriculture (NIFA), along with the data collected and research being done at National Agricultural Statistics Service (NASS) and the Economic Research Service (ERS), what is the role of the Office of the Chief Scientist in guiding and developing AgARDA?

*Answer.* As directed by the 2018 Farm Bill, AGARDA shall be a component of the Office of the Chief Scientist. Supporting the Chief Scientist, the Office of the Chief Scientist (OCS) will lead implementation of AGARDA. OCS will engage with internal and external stakeholders to search for partners at all levels of the organization and to inform AGARDA program priorities. OCS will conduct a landscape scan, analysis, and report of high-risk/high-reward USG R&D organizations to understand best practices to help develop AGARDA program infrastructure.

*Question 7.* Has AgARDA received sufficient funding to commence a pilot project in FY 2024 as outlined in the AgARDA Strategic Framework released by USDA? How will the Office of the Chief Scientist utilize any additional funding to support cutting edge research through AgARDA?

*Answer.* With current limited discretionary funding, we remain in a planning posture until provided additional funds to support this effort. This has involved engag-

ing with partners and stakeholders, listening, and planning a pilot project. The AgARDA Strategic Framework released in 2023 outlines the imperative for a new approach to deliver disruptive breakthrough discoveries for agriculture and details a strategic framework for how the program will be executed when appropriated funding is received at the authorized level plus contingencies for various other funding levels.

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

*Question 1.* Fully utilizing the historic conservation investments in the Inflation Reduction Act (IRA) is a priority for me and many of my colleagues. But those funds are at risk of being misused for purposes that not only damage the environment, but also harm rural communities, threaten public health, and disadvantage small farmers. If IRA funds are used to subsidize biogas and waste storage facilities that are primarily used by large industrial facilities, that incentivizes concentration and consolidation in the livestock industry and makes it more difficult for small farmers to compete in the marketplace. Moreover, this misuse of funds would perpetuate environmental injustice by disproportionately impacting communities of color and low-income communities with pollution, health risks, property devaluation, and other ill effects. This appears to be out of step with the environmental and economic purposes of the IRA and the Biden Administration's vision of investing in underserved communities to grow the economy from the bottom up.

How does the Natural Resources Conservation Service's decision to include waste storage facilities (313), roofs and covers for biogas capture facilities (367), feed management for livestock (592), waste separation facilities (632), and anaerobic digesters (366) as Climate-Smart Agriculture and Forestry (CSAF) Mitigation Activities support underserved communities?

*Answer.* Manure management is a major source of methane within the agriculture sector and is therefore an important opportunity for climate change mitigation. When compared to a typical liquid storage system or uncovered lagoon, the identified practices eligible for IRA funds are expected to provide methane emissions reduction benefits. USDA evaluates all practices designated as climate-smart mitigation activities using a rigorous science-based, systematic process including compelling scientific literature, critical review of the best available evidence, and expert knowledge and experience. USDA support for improved livestock manure and feed management technologies not only benefits farmers, but also provides public benefit by reducing emissions from these activities. Livestock manure management practices can only be funded through the IRA for specific purposes:

- To implement a Composting Facility (Code 317), which can lead to reduced methane emissions from the increased higher temperatures and more aeration during composting.
- To implement a Compost-Bedded Pack system, under the practice Waste Storage Facility (Code 313), which can lead to reduced methane emissions resulting from the added carbonaceous bedding material and regular tilling to promote composting.
- To install a cover to capture biogas from anaerobic lagoons or liquid storage systems, under the practice Roofs and Covers (Code 367), which can lead to reduced methane emissions as biogas is captured and either flared or used as a natural gas substitute.
- To install an Anaerobic Digester (Code 366), which can reduce emissions by capturing biogas and combusting it for energy generation or flaring it.
- To install a Waste Separation Facility (Code 632), which removes solids from manure streams to potentially reduce methane generated from the storage lagoon.

NRCS conducts site-specific environmental evaluations for conservation projects. As part of this, NRCS uses an Environmental Justice Evaluation Procedure Guide Sheet to assess whether the action would have disproportionate and adverse environmental or human health effects on low-income, minority, or Tribal populations and whether there is a need for additional consultation or community outreach to affected and interested parties.

*Question 1a.* Are these uses of funds consistent with the goals of the IRA and with Biden Administration policies including Executive Order 14036: Promoting Competition in the American Economy and Executive Order 14096: Revitalizing Our Nation's Commitment to Environmental Justice for All?

*Answer.* Yes, NRCS conducts site-specific environmental evaluations for conservation projects. NRCS uses an Environmental Justice Evaluation Procedure Guide

Sheet to assess whether the action would have disproportionate and adverse environmental or human health effects on low-income, minority, or Tribal populations and whether there is a need for additional consultation or community outreach to affected and interested parties.

*Question 1b.* If you determine that these uses of funds are not consistent with the goals of the IRA and the President's economic and environmental commitments, will you direct NRCS to revise its list of eligible conservation practices?

*Answer.* Practices are reviewed when any significant changes are made to the NRCS conservation practice standard and when significant scientific findings published in peer-reviewed scientific literature are acquired. If it is determined that a practice is no longer expected to provide climate-smart mitigation benefits, it would be removed from the list.

*Question 1c.* When deciding to include mitigation activities as CSAF, how does NRCS consider the impacts of including those practices on consolidation, local air and water pollution, and public health outcomes?

*Answer.* NRCS evaluates the activities to determine if they are expected to provide net climate-smart mitigation benefits. Public health, environmental justice, water pollution, and many other concerns are considered as part of the NRCS conservation planning process.

*Question 2.* The Biden Administration has quickly implemented a dozen or more programs that are investing in resilient local and regional food supply chains. By your Administration's design, these investments have reached a diverse range of farmers, processors, and distributors that are supplying high quality, locally produced foods to food insecure communities across the nation. These investments have spurred on-farm investments for small growers to scale to wholesale markets for the first time and their products have reached the most rural and vulnerable populations that are not easily served by existing networks. Investments such as the Meat and Poultry Processing Expansion Program, Food Supply Chain Guaranteed Loan Program, and Resilient Food Systems Infrastructure Program have and will greatly increase the availability of domestic food products. USDA's Commodity Procurement Team has led a successful cooperative agreement program utilizing Commodity Credit Corporation funds that state agencies have utilized to purchase local produce, meat, and dairy for distribution in food security networks.

How is your Administration going to support the market growth for this influx of ongoing supply?

*Answer.* The Food System Transformation Framework-USDA's more than \$4 billion commitment to developing a fair, competitive, distributed, and resilient food system-is increasing local and regional capacity to gather, process, move, and store food within local and regional food systems to provide more options for producers to create value-added products and sell locally, which will support new economic opportunities and job creation in rural communities. While many of the programs and initiatives supporting the Food Systems Transformation Framework are leveraging one-time funding authority, these programs are working together to develop and grow market opportunities for the long term.

The Regional Food Business Centers (RFBCs), for example, are partnering with organizations to deliver technical assistance to aid diverse small- and mid-sized farms and food businesses to take advantage of new market opportunities created by the Local Food Purchase Assistance (LFPA) and Local Food for Schools (LFS) programs and leverage their new connections and capacity into future contracts. The LFPA and LFS programs are creating demand and market pull-through for small- and mid-sized producers to scale into. The Organic Market Development Grants are helping build the infrastructure the domestic organic sector needs to meet current demand as well as developing new market opportunities. RFSI allows states to invest funds in supply chain coordination to improve connections between producers, processors, and markets, and the three AMS Local Agriculture Market Programs (LAMP) AMS administrators are used to build capacity and develop important new market channels.

Rural Development (RD) provides access to capital and technical assistance resources that create new and better market opportunities for agricultural producers and the food supply chain. RD programs complement and enhance market development programs and activities provided by other USDA agencies, such as the Agriculture Marketing Service (AMS) and Food and Nutrition Service (FNS). RD is actively coordinating with AMS on their new Regional Food Business Centers, for instance, that provide 'hub' services to local and regional food supply chains for whom RD can provide capital in the form of grants and loans to help them grow, access new markets, and contribute to a strong and resilient food system. Further, we will coordinate with AMS on projects supported through their Resilient Food Infrastruc-

ture Program, Organic Marketing Development Program, and the suite of Local Agriculture Marketing Programs (including RD's own Value-Add Producer Grant), to make sure investment-ready businesses have access to the capital, technical assistance and grants that RD provides.

Rural Development, through its National Fund Manager, Reinvestment Fund, has greatly expanded the Healthy Food Finance Initiative (HFFI), which provides access to fresh, healthy foods in underserved communities through the development of food retail stores and supply chain enterprises. A priority of the program is to support local and regional food production and create viable market outlets for the growing influx of fresh and healthy agricultural products, in rural and urban communities.

RD's programs provide funding for the critical infrastructure that creates the environment in which farm and food businesses can grow and thrive. Foundational rural community infrastructure provided by RD, such as housing and community facilities, in addition to high-speed internet, electric, and transportation infrastructure, and other utilities and services, are necessary for a growing and thriving food system.

Centerpiece RD business programs such as the Business & Industry Guaranteed Loan program, Intermediary Relending Program, Meat and Poultry Intermediary Lending Program, Rural Business Development Grants, Rural Cooperative Development Grants, and Value-Added Producer Grants are just some of the examples of RD business programs that provide capital and services to agriculture food supply chain businesses as they scale and grow their markets.

*Question 2a.* Are there plans to coordinate these domestic products into public institutions and existing commodity procurement channels at USDA?

*Answer.* USDA is making significant investments in growing institutional markets for local and regional producers. Local Food Purchase Assistance Cooperative Agreement Program (LFPA) uses non-competitive cooperative agreements to provide up to \$900 million of American Rescue Plan (ARP) and CCC funding for state, Tribal, and territorial governments to purchase foods produced within the state or within 400 miles of the delivery destination to help support local, regional and underserved producers. Through the Local Food for Schools Cooperative Agreement Program (LFS), USDA is also investing up to \$200 million to assist states in food assistance purchases of domestic local foods for distribution to schools. LFS will further the success of permanent programs like the Patrick Leahy Farm to School Program, which provides grants for training and technical assistance, planning, purchasing equipment, and other activities to increase local food procurement for school meal programs and expand educational agriculture and gardening programming.

*Question 3.* Historically underserved producers, and particularly those who are Black, Indigenous and People of Color (BIPOC), have not been afforded the same opportunities to access specialized financial and technical support that would increase opportunities to access and capital that benefit the growth and success of their farm operations. USDA launched the Increasing Land, Capital, and Market Access (Increasing Land Access) Program to help underserved producers by increasing land, capital, and market access. Last year USDA awarded approximately \$300 million through this program, and while this is a step in the right direction, underserved producers still face challenges. From discrimination to misinformation, BIPOC producers still face barriers in directly accessing financial and technical assistance and it is clear further investment in this area is necessary for a resilient food system.

How important is it for Congress to continue to fund this program, and others like it, to bridge the gap for BIPOC producers?

*Answer.* It is important to continue to offer the Increasing Land Access program and programs like it. It provides community leaders with an opportunity to creatively solve problems based on their specific needs.

*Question 3a.* And what else can USDA do to ensure that these producers have increased access to USDA programs that should be equitably delivered to all producers?

*Answer.* USDA has continued to make investments in staffing for field offices, training, expanding views on the various types of agriculture and knowledge of the practices, culturally and linguistically appropriate resources, and grants and agreements designed to address the needs of producers can lead to a broader and more equitable access. Further, reviewing of policy to ensure there are no unintended barriers to participation. Recently, the Equity Commission released its final report (link—<https://www.usda.gov/equity-commission/reports>),<sup>15</sup> which contains an im-

<sup>15</sup>**Editor's note:** retained in Committee file are: *Interim Report 2023—Recommendations made to the U.S. Department of Agriculture to advance equity for all*; *USDA Response to Equity*



portant set of recommendations for agricultural policy, some of the items are USDA administrative changes that we have already begun to implement; however, many are statutory recommendations that the Committee should consider.

*Questions Submitted by Hon. Sharice Davids, a Representative in Congress from Kansas*

*Question 1.* American farmers have worked hard to respond to the immediate challenges of pandemic recovery, supply chain disruptions, and the Russia-Ukraine conflict. How is the USDA working to support increased production and ultimately, lower retail food prices?

*Answer.* USDA has done significant work on a Food System Transformation Framework—USDA’s more than \$4 billion commitment to developing a fair, competitive, distributed, and resilient food system—is increasing local and regional capacity to gather, process, move and store food within local and regional food systems to provide more options for producers to create value-added products and sell locally, which will support new economic opportunities and job creation in rural communities. While many of the programs and initiatives supporting the Food Systems Transformation Framework are leveraging one-time funding authority, these programs are working together to develop and grow market opportunities for the long term.

The Regional Food Business Centers (RFBCs), for example, are partnering with organizations to deliver technical assistance to aid diverse small- and mid-sized farms and food businesses to take advantage of new market opportunities created by the Local Food Purchase Assistance (LFPA) and Local Food for Schools (LFS) programs and leverage their new connections and capacity into future contracts. The LFPA and LFS programs are creating demand and market pull-through for small- and mid-sized producers to scale into. The Organic Market Development Grants are helping build the infrastructure the domestic organic sector needs to meet current demand as well as developing new market opportunities. Resilient Food System Infrastructure program allows states to invest funds in supply chain coordination to improve connections between producers, processors, and markets, and the three AMS Local Agriculture Market Programs (LAMP) AMS administers are used to build capacity and develop important new market channels.

Rural Development (RD) provides access to capital and technical assistance resources that create new and better market opportunities for agricultural producers and the food supply chain. RD programs complement and enhance market development programs and activities provided by other USDA agencies, such as the Agriculture Marketing Service (AMS) and Food and Nutrition Service (FNS). RD is actively coordinating with AMS on their new Regional Food Business Centers, for instance, that provide ‘hub’ services to local and regional food supply chains for whom RD can provide capital in the form of grants and loans to help them grow, access new markets, and contribute to a strong and resilient food system. Further, RD coordinates with AMS on projects supported through their RFSI Organic Marketing Development Program, and the suite of Local Agriculture Marketing Programs (including RD’s own Value-Add Producer Grant), to make sure investment-ready businesses have access to the capital, technical assistance and grants that RD provides.

Rural Development, through its National Fund Manager, Reinvestment Fund, has greatly expanded the Healthy Food Finance Initiative (HFFI), with funding from the American Rescue Plan Act. HFFI provides access to fresh, healthy foods in underserved communities through the development of food retail stores and supply chain enterprises. A priority of the program is to support local and regional food production, and create viable market outlets for the growing influx of fresh and healthy agricultural products, in rural and urban communities.

RD’s programs provide funding for the critical infrastructure that creates the environment in which farm and food businesses can grow and thrive. Foundational rural community infrastructure provided by RD, such as housing and community facilities, in addition to high-speed internet, electric, and transportation infrastructure, and other utilities and services, are necessary for a growing and thriving food system.

Centerpiece RD business programs such as the Business & Industry Guaranteed Loan program, Intermediary Relending Program, Meat and Poultry Intermediary Lending Program, Rural Business Development Grants, Rural Cooperative Development Grants, and Value-Added Producer Grants are just some of the examples of

RD business programs that provide capital and services to agriculture food supply chain businesses as they scale and grow their markets.

*Question 2.* How is the lack of a multiyear farm bill impacting USDA's ability to strengthen agricultural supply chains?

*Answer.* Producers and rural businesses do not have a guarantee that they will be able to access programs later this year that they need to strengthen the supply chain. There is also the uncertainty around what investments Congress may make in programs that support efforts to create new markets, expand processing, and support new income streams for farmers.

*Question 3.* I want to recognize the United States Department of Agriculture's work to expand investments in conservation and support the development of new conservation practices. This work is complementary to the work farmers and producers have been doing to protect their land for years. One example is work being supported by General Mills in the Cheney Lake Watershed and Wichita. By helping farmers implement new practices, many of their yields and incomes improved.

How do you intend to continue to leverage the work already being done by the private sector and incorporate their research and learnings into USDA's ongoing efforts?

*Answer.* Through our technical and financial assistance programs, USDA is leveraging work already being done by the private sector and incorporating the latest research and learnings into USDA's ongoing efforts.

One leading example is with our new Partnerships for Climate-Smart Commodities, where USDA has instituted a learning network so we can synthesize lessons learned from the various projects. In addition, we also seek to leverage private sector input for our working lands programs when we seek public input on our conservation practice standards in the national Handbook of Conservation Practices. USDA also partners with the private sector in our Conservation Innovation Grant (CIG) program that supports the development of new tools, approaches, practices, and technologies to further natural resource conservation on private lands. CIG has allowed us to take private-sector research and ideas to advance them with on-farm trials to support more widespread adoption of innovative approaches, practices and systems on working lands.

*Question 4.* Pursuant to the United States Department of Agriculture (USDA) rulemaking in 2020, to obtain an Animal Welfare Act license, commercial dog breeders or dealers must pass a pre-license inspection demonstrating compliance with regulations. Applicants are permitted three opportunities to pass. I have seen examples of pre-license and re-license inspections where when an applicant fails—for example because of improper veterinary care, inadequate food and water, or unsanitary conditions—the USDA will allow the applicant to correct the violations then conduct a follow-up inspection on the spot. Stakeholders have raised concerns that applicants are failing pre-license inspections then passing pre-license inspections in the same day. How would you respond to concerns that the implementation of this new rulemaking makes it too easy for those who show an inability to comply with the regulations to obtain a license?

Furthermore, what are you doing or what will you do to ensure that the USDA's licensing requirements are being enforced more appropriately?

*Answer.* USDA takes the health and welfare of animals very seriously. The licensing rule put in place in 2020 requires all facilities to demonstrate full compliance with the Animal Welfare Act before USDA can issue or renew their license. Accordingly, there can be zero violations or noncompliances during these pre-license inspections.

In some cases, a noncompliance we identify is easily correctable. Examples of this include ensuring food is properly covered or proper storage of cleaning supplies. In these cases, where corrective actions can be taken quickly, swift re-inspection may be utilized. These pre-license inspections are not intended to be punitive but to help the licensee understand their full range of responsibilities under the Act so they may come into full compliance with the Act.

To ensure licensing requirements are being enforced, licensees are subject to random, unannounced inspections. In the case USDA identifies and cites violations during these inspections, the licensee is subject to reinspection and potential enforcement action under the Act to bring the facility into compliance.

*Question 5.* In August, the United States Department of Agriculture issued a proposed rule to strengthen regulations on the Horse Protection Act, as the agency committed to do back in 2010 during an Office of Inspector General audit. Concerns have been raised that without these revisions, unscrupulous horse trainers continue to "sore" horses, forcing them to perform an unnaturally high-stepping gait that wins prizes by inflicting pain on their front legs and hooves. The proposed rule

draws upon the January 2021 National Academies of Sciences, Engineering, and Medicine report and its recommendations for reforms. In November 2023, I joined 125 of my colleagues in sending a letter (attached) urging you to quickly finalize the rule and ensure it is at least as strong as the 2017 final rule that USDA withdrew. Can you share an update on the status of this long-awaited rule, which has received more than 115,000 supportive public comments?

*Answer.* We share your concerns about the welfare of these horses and the importance of stronger regulations under the Horse Protection Act. We are in the process of finalizing this important rule and expect action soon. We will share more information with your office when we are able to.

## ATTACHMENT

November 20, 2023

Hon. THOMAS “TOM” J. VILSACK,  
*Secretary,*  
 U.S. Department of Agriculture,  
 Washington, D.C. 20250

Re: Horse Protection; Amendments to the Horse Protection Regulations [Docket No. APHIS–2022–0004]

Dear Secretary Vilsack,

We are writing to express our strong support for the above-referenced rule proposed on August 21, 2023, and urge the USDA to act expeditiously to finalize it. As supporters of the Prevent All Soring Tactics Act, H.R. 3090, we are pleased that the proposal includes key elements consistent with the PAST Act to strengthen enforcement of the Horse Protection Act (HPA), and encourage you to ensure that other needed reforms contained in the PAST Act are included in the final rule.

The existing HPA regulations have not been sufficient to put an end to the cruel and illegal practice of soring, in which unscrupulous trainers deliberately injure the legs and hooves of certain breeds of horses by mechanical and chemical means to create an exaggerated, high-stepping gait known as the “Big Lick” that wins ribbons at some horse shows. For example, between 2017 and 2022, on average annually, more than 40 percent of horses tested by APHIS at competitions tested positive for prohibited substances used to sore horses or temporarily numb them to mask their pain during inspection. Despite the agency’s best efforts at enforcement under the current regulations, soring remains rampant.

The USDA committed to rulemaking to abolish the current Designated Qualified Person (DQP) licensing system in its 2010 response to an audit issued by the USDA Office of Inspector General. Additionally, in multiple Federal Register notices, the USDA stated the agency’s plans to consider banning the pads and chains used as part of the soring process. We agree with your conclusion reached in 2016: “The Department believes that 38 [now 45] years has been more than enough time for the gaited horse industry to reform its training practices to comply with the Act.” In 2021, the USDA issued a press release that it would be pursuing a new proposed rule expeditiously as a top regulatory priority, and Congress has repeatedly urged the agency via appropriations provisions to move forward with new regulations to end horse soring.

We urge the USDA to ensure that the final rule to improve enforcement of the HPA contains three important provisions consistent with the PAST Act, which currently has bipartisan support by 218 House cosponsors, passed the House by a 304–111 vote in 2022, and has been endorsed by hundreds of stakeholder groups and individuals, including the American Horse Council and 70 other national and state horse groups, the American Veterinary Medical Association, American Association of Equine Practitioners, the state veterinary organizations of all 50 states, National Sheriffs’ Association, Association of Prosecuting Attorneys, animal protection groups, and key individuals in the walking horse show world. Additionally, in public opinion polls conducted in 2020 in Kentucky and Tennessee (the states where soring is most prevalent), respondents across all categories—political affiliation, gender, age and geographic region of each state—voiced resounding support for the PAST Act’s reforms (78% in KY and 82% in TN). There is a consensus—among all but the scofflaws associated with soring who want to continue committing heinous cruelty, cheating to win unfair advantage at horse shows, and profiting from it, and their handful of defenders—that these key reforms are urgently needed:

- Eliminate Industry Self-Policing: Eliminate the industry self-policing system that is based on DQP licensing programs sponsored by Horse Industry Organizations (HIOs) and replace it with USDA-licensed, trained, and assigned inde-

pendent inspectors who will be monitored by and accountable to the agency for enforcement of the Horse Protection Act. The industry self-policing system has been a failure, rife with conflicts of interest. This was recognized and documented in the USDA Inspector General's 2010 audit of the Horse Protection Program, and replacement of the HIO/DQP model with a system of inspectors licensed and supervised directly by the Department was the first recommendation of that audit. Such a USDA-overseen system is consistent with the provisions of the PAST Act, which the Congressional Budget Office reviewed in November 2022 and estimated would have an insignificant effect on direct spending. All inspections must be conducted by experienced examiners relying on science and evidence in an unbiased manner overseen by the agency.

- **Ban Incentives to Sore Walking Horses:** Immediately prohibit the use of equipment associated with soring on the specific breeds known to be subjected to soring. The veterinary community and leading horse industry groups have called for an end to the use of "action devices" (including chains), "performance packages" (also called stacks and pads), weighted shoes, wedges, hoof bands, and other devices that are not used specifically for protective or therapeutic purposes as prescribed by a licensed accredited veterinarian. They have concluded that this equipment plays an integral part in the soring of these breeds and is an incentive to sore the horse. These devices can cause pain and damage to the horse's hoof, exacerbate the pain of chemical irritants applied to the legs, facilitate concealment of other objects that produce pain, and cause the horse's hoof to strike the ground at an abnormal angle and with excessive force. This prohibition should include exemptions for pads and wedges prescribed for therapeutic purposes by licensed accredited veterinarians as described above.
- **Apply the Rule to Tennessee Walking Horses, Racking Horses, and Spotted Saddle Horses:** These three breeds have a documented history of soring and an ongoing problem with soring that justifies prohibiting certain practices, devices, and substances because of how they are used in those three breeds. Spotted Saddle Horses should be included because they too are victims of soring.

These reforms will not destroy these breeds in the gaited horse industry, as you may hear from opponents of the proposed rule, but will instead save the industry from imploding because of the bad actors who continue to abuse horses at the expense of the breeds' reputation. Only approximately 10% of all Tennessee Walking Horses are shown in the Big Lick classes for which horses are subjected to soring to compete. While this segment of the industry has declined tremendously in recent years due to increased public awareness of soring—with plummeting attendance at shows, cancellation of corporate and charitable sponsorships, and falling sale prices for horses and breeding fees—competition in the other classes that involve the rest of the breed is growing. These important regulatory changes, consistent with the PAST Act, will allow those who are trying to play by the rules to finally be free of the stigma that soring brings on the whole industry.

We commend the USDA for proposing a strong rule and urge you to prioritize the finalization and publication of the rule. As the agency committed in 2010 to promulgate rules to strengthen enforcement of the HPA, regulatory action is long overdue and must be completed as expeditiously as possible. Every day that the regulatory reforms needed to fulfill the intent of the HPA and bring about an end to soring are delayed, thousands of horses are subjected to chronic, abject cruelty. We implore you not to allow any further unwarranted delay.

Thank you for your consideration.

Sincerely,



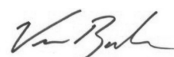
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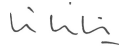
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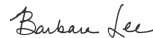
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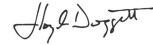
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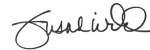
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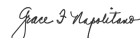
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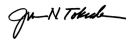
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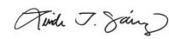
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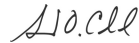
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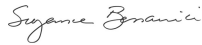
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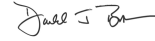
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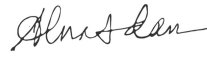
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Member of Congress

Questions Submitted by Hon. Jill N. Tokuda, a Representative in Congress from Hawaii

#### Rural Healthcare

*Question 1.* As a Representative of one of the most rural and remote districts in the country, I frequently hear from constituents who are concerned by the limited access to basic health care and mental health services in their communities. This is why I restarted the Congressional Bipartisan Rural Health Caucus, of which many of my colleagues on the House Agriculture Committee—including Chairman Thomspon—are Members.

In your testimony, I was pleased to hear about the important investments the Biden Administration is making through the USDA to ensure that more than 22 million Americans have greater access to health care and nutrition.

In your response to Congressman Bishop's question about steps that Congress could take to invest more into rural healthcare, you highlighted three key programs: the Community Facilities program, the ReConnect program, and the Emergency Rural Health Care Grants program.

Unfortunately, my home state of Hawai'i has not receive any funding from the **Emergency Rural Health Care Grants program or ReConnect and has also struggled to leverage Community Facilities funding to support rural healthcare facilities.**

Has the USDA conducted a review of awardees of these programs and where these resources are being directed and for what purposes?

*Answer.* USDA continues to evaluate where program dollars are going, and is working to ensure that they are going to the communities that need them the most. I will ensure that the Rural Development State Director for Hawaii examines this issue.

*Question 2.* Has the USDA developed any recommendations for changing these programs, including as it relates to funding and statutory or regulatory barriers? If so, what are those recommendations, and how might those help improve participation in and access to these programs?

*Answer.* USDA broadband programs are substantially oversubscribed. This results in eligible projects not being funded due to resource limits. For example, ReConnect Round 4 received nearly three times as many applications (258) as awards (89). Funding requests were 2.4 times the funds available (\$2.9 billion vs. \$1.7 billion).

*Question 3.* What is the USDA doing to expand stakeholder outreach, ensure greater diversity in award administration, and provide applicants and grantees with

the technical assistance needed to leverage these resources and others to help expand access to rural health care?

*Answer.* USDA conducts numerous outreach webinars to promote and assist in applications to its broadband programs.

General Field Representatives (GFRs) serve as the primary local outreach contacts for RUS Telecommunications programs. In FY 2023, GFRs participated in a total of 173 virtual and in-person outreach events to promote broadband programs. These events included exchanges with telecommunications providers, healthcare providers, educational institutions, local governments, economic development organizations, Members of Congress, regional planning organizations, Tribal entities, and other state and Federal agencies.

In FY 2023, 33 outreach events were held with broadband organizations including the Colorado Broadband Office, FL DEO Broadband Office, Georgia Municipal Association (Broadband Summit), Missouri Office of Broadband Deployment, Ohio Rural Broadband Connectivity Event, Tennessee Broadband Accelerate Program, and the Utah Broadband Confluence.

Several events were held with other agencies that fund broadband projects such as the National Telecommunications and Information Association (NTIA) and the Federal Communications Commission (FCC).

Outreach events were also held with Members of Congress such as Congressman Thompson's Ag Summit, Congresswoman Leger Fernandez's Broadband Amplification event, Congressman Kilmer's WA-06 Grants Workshop, and Congresswoman Stansbury's Federal Grants Workshop.

Many outreach events were specific to Tribal communities. These include meetings with the Alaska Federation of Natives Annual Convention, BTA Overview for Tribal Entities, Calista Native Corporation, and Cheyenne River Sioux Tribe Telecommunications Authority.

Other outreach events included meetings with individual program stakeholders, congressional offices, interagency partners, telecom associations, and events that were specific to the ReConnect Program.

#### Indigenous Traditional Ecological Knowledge

*Question 4.* The USDA 2022 Equity Action Plan released in commits the department to increasing the use of Indigenous Traditional Ecological Knowledge (ITEK) into its programs, including by hiring additional ITEK experts.

I am aware that the NRCS already recognizes ITEK in some of its programs. Yet Native American Tribes and Native Hawaiian stakeholders find it difficult to update and incorporate this ITEK throughout USDA's conservation programs.

Please provide an update on the status of USDA's ITEK hiring initiatives. What steps have been taken by USDA to fill ITEK expert and other Tribal-related positions and improve such hiring processes?

*Answer.* In 2021, the USDA Office of Tribal Relations coordinated with the Office of Human Resource Management to issue a department-wide memorandum on *Recruiting and Hiring Tribal Relations Positions Advisory*. This memorandum provides guidance on hiring procedures and solicitation standards for agency adoption on USDA Tribal-facing positions and positions on or near Indian reservations. Multiple USDA agencies have utilized these standards in solicitations for Tribal-related positions at the national and local levels, and USDA agencies continue exploring avenues for strengthening hiring of (Tribal) subject matter experts.

*Question 5.* What steps could this Committee take to ensure that Tribes and other indigenous stakeholders can fully use ITEK in USDA programs and services, including conservation initiatives?

*Answer.* USDA actively works to elevate indigenous knowledge in conservation initiatives, and examples of such steps are referenced under the White House memorandum on *Guidance for Federal Departments and Agencies on Indigenous Knowledge*.

USDA Natural Resources Conservation Service provides conservation planning and funding assistance through recognized conservation practice standards. NRCS recognizes a process for incorporating indigenous knowledge in conservation planning through the *Indigenous Stewardship Methods Evaluation, Conservation Evaluation and Monitoring Activity*.<sup>16</sup> Additionally, NRCS now maintains an internal Indigenous Practices team to provide internal coordination on the adoption of indigenous knowledge in recognized conservation practice standards, amidst related considerations. For public transparency and to provide maximum accessibility for pro-

<sup>16</sup> [https://www.nrcs.usda.gov/sites/default/files/2022-10/FY23\\_CEMA%20222\\_Indigenous%20Stewardship%20Methods%20Evaluation.pdf](https://www.nrcs.usda.gov/sites/default/files/2022-10/FY23_CEMA%20222_Indigenous%20Stewardship%20Methods%20Evaluation.pdf).<sup>†</sup>

ducers to utilize recognized conservation practices, these standards are published *online*.<sup>17</sup>

Where Tribes have the internal infrastructure to take on the full administration of a conservation project, including engineering, that Tribe may seek an Alternative Funding Arrangement for either of two conservation programs. Such Alternative Funding Arrangements may include practices that are outside the scope of recognized conservation practice standards; however, these additional administrative requirements may be challenging to implement.

USDA's National Institute of Food and Agriculture (NIFA) is encouraging applicants to include ITEK in their grant proposals when appropriate. NIFA recognizes the contributions indigenous communities have made to advancing environmental sustainability and responsible stewardship of natural resources. A new statement has been added to Request for Applications as a strategy to increase applications benefitting Tribal nations and remedy imbalances in support for Tribes.

Finally, the U.S. Forest Service has incorporated ITEK into its practices through numerous actions. These include initiating a review of current forest land management plans to introduce early engagement with Tribes in developing related projects, incorporating indigenous knowledge in nearly half of co-stewardship agreements, and updating policies to include indigenous knowledge as a component of Best Available Scientific Information, leading to an update of regulatory definitions within land management planning rules.

Where Tribes or Tribal representatives provide culturally sensitive information to USDA as matter of record, USDA is also required to prioritize public transparency and accountability under the Freedom of Information Act. This conflicting priority presents challenges to how USDA recognizes the Tribal ownership of knowledge, particularly when the presentation of this knowledge becomes incorporated into a Federal record.

#### Natural Disasters

*Question 6.* Last August, the island of Maui experienced the deadliest wildfires in modern U.S. history. In addition to the loss of more than 100 people and the destruction of the town of Lahaina, the fires razed more than 6,300 acres of agricultural land, with agricultural damage estimated at more than \$23 million.

I want to thank the USDA for its response to the fires to date. As Lahaina and the greater island of Maui look to rebuild, the USDA will continue to be a critical partner. I look forward to continuing to work with you and your staff to ensure these communities can take advantage of the available resources and expertise at USDA.

Last October, the Biden Administration put forth a supplemental appropriations request, which included \$2.8 billion in financial assistance for farmers and agricultural producers affected by natural disasters in 2023. That was more than 3 months ago.

Does the USDA have an updated disaster supplemental request for calendar year 2023? And if so, what additional financial assistance or program flexibilities is USDA seeking since the last request?

*Answer.* The updated cost of operating an ERP-type program for 2023 is \$11.15 to \$12.28 billion. The new projected ERP gross payments are based on RMA's estimated Track 1A outlays which are then extrapolated to Track 1B/NAP and Track 2. This updated amount includes \$2.17 billion to refund all eligible producer premiums and fees.

*Questions Submitted by Hon. Nikki Budzinski, a Representative in Congress from Illinois*

*Question 1.* President Biden's U.S. biotechnology and biomanufacturing Executive Order seeks to advance these industries by coordinating resources and strategic planning across the Federal Government. USDA outlined a Biomanufacturing Strategy in March 2023, including a focus growth of sustainable feedstocks and innovation through public private-partnerships and research priorities.

Can you share an update on the Executive Order at USDA?

*Answer.* In the coming weeks, USDA expects to release "Building a Resilient Biomass Supply: A Plan to Enable the Bioeconomy in America," one of the key USDA deliverables under the EO. From our work developing this plan, we have found that U.S. biomass supplies are abundant and can be well positioned for biobased product manufacturing if improvements are made and farmers are provided with incentives to produce biomass while reducing risk. We are also recognizing the importance of

<sup>17</sup> <https://www.nrcs.usda.gov/resources/guides-and-instructions/conservation-practice-standards>.†

researching and deploying improved biomass crops, taking advantage of woody biomass residuals, and further developing markets for biobased products such as through USDA's BioPreferred Program.

USDA also expects to release in the coming weeks a plan developed by USDA, EPA and FDA to update, streamline, and clarify their regulations and oversight mechanisms for products of biotechnology. We are identifying processes and timelines to implement regulatory reform as part of a whole-of-government approach to the regulation of biotechnology products, especially in modified plants, animals and microorganisms, human drugs, biologics, and medical devices.

*Question 1a.* How can USDA's biobased product and renewable energy efforts encourage innovation in the U.S. and meet the Administration's bold goals?

*Answer.* The Bold Goals Report delivered in March 2023 under the Bioeconomy EO establishes three priority areas for long-term research goals for food and agriculture innovation: (1) improve sustainability while increasing productivity; (2) increase food nutrition, quality, and consumer choice; and (3) protect plants and animals against environmental stresses. USDA's efforts in biobased product manufacturing and renewable energy contribute directly to the Bold Goal of improving sustainability while increasing productivity. Specific efforts making this contribution include: developing the next generation of biomass feedstocks and cover crops; improving access and utilization of woody biomass for biobased products; investing in resilient infrastructure capacity for biobased manufacturing; supporting new and better markets for biobased products; promoting climate-smart practices to enhance productivity and sustainability of biomass feedstocks; and providing stakeholder outreach and technical assistance to ensure the resilience of biobased supply chains.

*Question 2.* Mr. Secretary, as I know you agree, the bioeconomy is a top area of growth for our country. It's providing important opportunities for growers in my district and across the country—and powering important investments across the nation in manufacturing. Can you talk to me about how the USDA BioPreferred program is working to help these important growers and manufacturers capture a premium in the market?

*Answer.* With the goal of increasing the development, purchase, and use of biobased products, USDA's BioPreferred<sup>®</sup> Program strives to be the Federal Government's official advocate and market accelerator for biobased products. The Program's primary goals are to spur economic development; create new markets for farm commodities; increase the development, purchase, and use of biobased products; create new jobs; support people in rural communities; promote innovation; and contribute to a growing and thriving bioeconomy. The Program requires Federal agencies and contractors to give purchasing preference to biobased products. The USDA BioPreferred Program also includes a certification and labeling initiative for biobased products to be labeled with the USDA Certified Biobased Product Label. More than 2,400 companies spanning all fifty states participate in the Program. From farm and field all the way through the manufacturing process, the expanding market for biobased products creates jobs and helps support economic growth in rural America.

The USDA Certified Biobased Product Label helps to create and expand markets for biobased products by making them stand out to consumers, particularly for those consumers with a desire to purchase products that positively impact climate change and promote healthier indoor and outdoor environments. The label and other promotions by USDA help to establish new markets for biobased products and increase market share for these products, helping farmers, manufacturers, and investors.

*Question 2a.* How many products are currently certified and in the pipeline?

*Answer.* There are currently 8,400 USDA Certified Biobased Products with about 250 applications in the screening and testing stages. Products take about 60 days to go through the BioPreferred Program's screening, undergo testing, and obtain certification. On average, the BioPreferred Program receives approximately 115 new applications each month.

*Question 2b.* How have those products been treated in the Federal procurement space?

*Answer.* Products in the BioPreferred<sup>®</sup> Program support the strategic goal of creating a market for biobased products through mandatory government-wide purchasing requirements. The Program's central registry and online catalog now includes 139 product categories representing over 8,900 biobased products and allows Federal contracting and procurement officials to locate and compare products that meet the mandatory procurement requirements. Federal Service and Construction contractors are required to report their biobased product purchases annually. In FY 2023, these contractors reported purchases of biobased products from 130 distinct categories with a total reported spend of \$64 million. Executive Order 14081, Ad-

vancing Biotechnology and Biomufacturing Innovation for a Sustainable, Safe, and Secure American Bioeconomy, requires additional Federal agency reporting to the Office of Management and Budget.

*Question 2c.* How many USDA BioPreferred products are included in Federal procurement catalogues—not just at USDA but across the government?

*Answer.* Currently there are approximately 8,285 USDA Certified Biobased Products and 8,900 biobased products that qualify for Federal purchasing listed in the USDA BioPreferred Program's online catalog. Both GSA Advantage! and DoD FedMall offer biobased products in their environmental aisles. The BioPreferred Program strongly encourages Program participants to obtain a GSA schedule contract to take advantage of these markets for their products. Through our website ([biopreferred.gov](http://biopreferred.gov)<sup>18</sup>) and newsletters, we encourage Federal buyers to make purchases through these resources as well.

*Question 3.* Will the Administration meet its deadline of March 1 to have the GREET model update completed and will the section 40B SAF tax credit be usable by SAF producers on that day?

*Answer.* The Biden-Harris Administration plans to issue a Sustainable Aviation Fuel (SAF) notice as part of the Investing in America agenda. The notice will catalyze innovation in the aviation industry, incentivize the production of cleaner, more sustainable aviation fuels, and help make the United States a leader in decarbonizing the aviation industry. The Treasury Department's Notice will provide important clarity around eligibility for the SAF tax credit that was established in the Inflation Reduction Act. The SAF tax credit incentivizes the production of SAF that achieves a lifecycle GHG emissions reduction of at least 50% as compared with petroleum-based jet fuel.

*Question 4.* Please explain how the GREET model update will continue to deliver value to farmers by accurately crediting conservation practices and emissions reductions from regenerative farming, climate smart agriculture, and carbon capture and storage—all techniques that could massively lower carbon emissions, if adopted?

*Answer.* As part of this effort, the U.S. Department of Agriculture (USDA) and other Federal Government agencies (EPA, DOT/FAA, and DOE) will jointly announce the 40B GREET 2024 model. This model will provide another methodology for SAF producers to determine the lifecycle GHG emissions rates of their production for the purposes of the SAF tax credit. USDA is examining options for encouraging the use of Climate Smart Agriculture (CSA) practices for SAF feedstocks more broadly. We are taking this path because we want to recognize the climate benefits of these CSA practices and encourage their adoption, but also recognize there is additional work to do to assess verification mechanisms, empirical data, and modeling. Incorporating CSA practices into the production of SAF provides multiple benefits. These include lower overall GHG emissions associated with SAF production, improved accuracy of overall carbon intensity estimation, sustainable production of domestically-produced aviation fuel, and increased adoption of farming practices that are associated with other environmental benefits, such as improved water quality and soil health.

*Question 5.* What steps is USDA taking to ensure that the GREET modeling update that is underway uses the same rigorous science on which the model is based and does not manipulate the model to deliver a predetermined outcome, such as excluding ag-based biofuels from eligibility for the SAF credit?

*Answer.* The modified version of GREET incorporates new data and science, including specific new modeling of key feedstocks and processes used in aviation fuel and certain categories of indirect emissions. It integrates other categories of indirect emissions—such as crop production and livestock activity—in addition to land use change emissions informed by GTAP-BIO. The modified GREET model also integrates key greenhouse gas emission reduction strategies such as carbon capture and storage, renewable natural gas, and renewable electricity.

*Question 6.* I understand that there has been a positive stakeholder response to the launch of USDA's Increasing Land, Capital, and Markets Access program. I have cosponsored the bipartisan Increasing Land Access, Security, and Opportunities Act (S. 2340, H.R. 3955), which would continue the work of this USDA program and provide funding to community-led land access solutions across the country.

I know that this program is currently being rolled out and projects are beginning to get underway. Can you speak to the efforts that USDA has taken to establish this program and the community response?

<sup>18</sup> **Editor's note:** the link embedded in the document is to a USDAGCC sharepoint site. It had been redacted.

*Answer.* The community response has been extensive, lots of creativity and innovation in the agreements we received that will really address needs around land, market, and capital access. The proposals were excellent, and the need exceeded the funding that was available. To evaluate the over 160 projects, an outside panel of twenty was convened. They ranked the projects and then 50 were selected. The complexity of the program has offered an expansive list of actions and activities to help in this space which has resulted in extensive research and work to develop guiding principles and policy to support recipients. These national, regional, or local projects cover the whole country. Projects also work with multiple underserved communities. In addition to expanding opportunities for existing farmers, this program helps build the next generation of farmers and ranchers.

*Question 7.* Would tax policy set by Congress that would reduce interest rates on producers by 1% have a positive impact on young, beginning and socially disadvantaged farmers?

*Answer.* The Department is willing to engage in conversations with the U.S. Department of Treasury, which has the institutional expertise in tax policy, and your office to better understand your proposals and its potential impacts.

*Question 8.* Competition has been a key piece of your agenda. Just as producers price shop for seed, fertilizer and other inputs, they also shop for credit. Do you think added competition in the ag lending space would be beneficial to interest rates offered to producers?

*Answer.* USDA is supportive of policies and practices that encourage robust participation in the agricultural lending space. Numerous lending options create an environment of healthy competition that leads to innovative credit products tailored to the specific needs of an individual, an industry, and a community. FSA Farm Loan Programs fill an important role in the lending community, with particular emphasis on funding opportunities for beginning farmers and historically underserved farmers. FSA's direct and guaranteed loan programs support, and often work in partnership with, traditional credit resources from banking institutions, credit unions, and the Farm Credit system. FSA also recognizes the increasingly important role of other non-traditional lenders, such as insurance companies, farm input suppliers, and equipment manufacturers. The many options for prospective borrowers to choose from can create an environment where loan costs and interest rates are kept as low as possible in many situations. However, FSA recognizes there are still regions where lending options are limited. In these areas, sometimes referred to as "credit deserts", FSA may be the only significant agricultural lender. To ensure all producers have reliable access to credit regardless of where they farm, the Administration has included legislative language in the FY 2025 President's Budget that would remove a cap on the number of years a producer could use FSA direct loan programs.

*Questions Submitted by Hon. Jasmine Crockett, a Representative in Congress from Texas*

*Question 1.* Right now, USAID feeds over 50 million impoverished, malnourished individuals around the world each year through the Food for Peace program. There have been some suggestions to change the administrative structure of Food for Peace that would shift responsibility of implementation to USDA. Mr. Secretary, you talked in your testimony about the good work you are doing to overcome the existing staffing issues at USDA. So I have a couple questions:

Would you want to take over the administration of the Food for Peace program from USDA?

What would the impact be on staffing need?

Is USDA prepared to staff up in countries around the world to accomplish such an expansion?

*Answer.* USDA is not seeking any additional authority or responsibility for administration of the Food for Peace Program under Title II of the Food for Peace Act. USDA supports USAID's continued administration of that program. USAID has the experience, expertise, and adequate staffing levels to implement the Food for Peace Program.

*Question 2.* Mr. Secretary, thank you for your commitment to addressing this global hunger crisis. As you know, the number of food insecure people has more than doubled in the past 4 years due to COVID-19, supply chain disruptions, extreme weather events, and increasing geopolitical conflicts. And American agriculture stands ready to assist those in need. That's why I was pleased to see USDA announce \$1 billion through the Commodity Credit Corporation to purchase U.S. grown commodities to support those most in need. I was surprised to hear, however, that Ready to Use Therapeutic Foods (RUTF) is not eligible for procurement



through this funding. RUTF is a lifesaving, and cost-effective treatment given to children suffering from the most serious form of malnutrition, known as “wasting”. It’s made from U.S. grown peanuts, milk, soy and sugar and sourced from 28 states. Will you commit to review and reconsider the authorities you are using under the Charter Act—specifically by leveraging authorities under Section 5(c)—and to provide flexibility in the list of commodities deemed eligible under the program?

*Answer.* The \$1 billion international food aid program relies on the authority of section 5(d) of the CCC Charter Act (15 U.S.C. 714c(d)) for the purchase and removal of surplus commodities. RUTF is not designated a surplus commodity, although some of its ingredients may be in surplus. This authority was selected because of the flexibilities it affords to USDA, such as coordinating with USAID to address the widest variety of global food security needs, as well as its responsiveness to domestic commodity surpluses.

While RUTF is not utilized in USDA’s international food assistance programs, it is a critical tool in USAID’s humanitarian nutrition programs. USAID has increased its support for wasting treatment programs, and procurement of RUTF, in recent years, and building on this experience has developed a multi-year strategic approach to continue this support.

*Question 3.* Mr. Secretary, can you provide the rationale of USDA for prohibiting certain retailers, such as vending operators and micro markets, that meet all current stocking and other criteria despite there being no statutory restriction?

*Answer.* USDA values its partnership with more than 260,000 U.S. retailers authorized to accept Supplemental Nutrition Assistance Program (SNAP) benefits. The diversity of SNAP retailers ensures that program participants have a variety of shopping options, catering to different preferences and needs. A retailer must meet several criteria to be authorized for SNAP, including meeting minimum stocking requirements for staple food items including cereals, fruit, vegetables, meat, and dairy. Additionally, SNAP-authorized retailers must be able to continuously meet SNAP payment performance functions like providing detailed receipts and allowing refunds and product returns for SNAP transactions. Additionally, there are integrity requirements for authorized retailers that include ensuring that only eligible SNAP foods are purchased using SNAP benefits and monitoring locations to prevent SNAP violations. USDA considers all retailer applications against our requirements and does not have any policies explicitly prohibiting vending operators and micro markets.

*Questions Submitted by Hon. Chellie Pingree, a Representative in Congress from Maine*

#### Inflation Reduction Act Forestry Funding

*Question 1.* The Inflation Reduction Act (IRA) provided \$450 Million to incentivize forest landowners to access voluntary carbon markets, and the United States Forest Service has begun accepting applications for a portion of this funding. Can you provide an update on where you are with implementing the remaining provisions? Particularly how you’re working through partnerships with state agencies, nonprofit organizations, local governments, Tribes, and universities?

*Answer.* The IRA, specifically Subtitle D, Sec. 23002, Competitive Grants for Non-Federal Forest Landowners, expanded the Forest Service’s ability to support innovative projects that engage non-industrial, private forest landowners, including underserved landowners, in emerging private markets for forest resilience and climate mitigation. The IRA also established an initiative to provide payments to landowners to implement voluntary practices that enhance forest resilience and mitigate climate change.

The Forest Service has created a series of competitive funding opportunities to implement this authority, which were launched in 2023 and will continue to have sign-ups for their funding opportunities later this year in 2024. The agency is funding a variety of projects in different types of locations with different types of recipients. Applicant eligibility is governed by statute, as discussed below.

#### **IRA Sections 23002(a)(2) and 23002(a)(3)**

The Forest Service has provided funding to enhance small landowner participation in emerging carbon markets in several ways, consistent with the foregoing authority.

- *Grant Funding for Small Landowner Participation in Emerging Carbon Markets.* The Forest Service announced its first funding opportunity in August 2023; eligible applicants included states, Tribes, local governmental entities, universities, and nonprofit and for-profit entities. The agency received 76 proposals for funding totaling \$528 million. In March 2024, the Forest Service announced it

had accepted proposals totaling \$116 million in grants supporting 20 projects that engage underserved landowners and small-acreage forest landowners in emerging carbon markets. Participating in these emerging carbon markets will unlock private capital for forest landowners and result in more resilient forests. Funded projects benefit forests in 37 states and Puerto Rico. A total of \$34 million in grant funding is available; the final deadline for proposals under \$2 million is August 21, 2024.

- *Investments in Technical Assistance through State and Territorial Forestry Agencies.* The Forest Service allocated \$29 million to state and territorial forestry agencies to enhance technical assistance for underserved forest landowners. State forestry agencies deploy over 3,000 foresters to educate and serve more than 500,000 private forest landowners per year. These certified foresters help these landowners establish management plans to guide reforestation and other land management activities and address threats to forest resilience from natural disasters, pests, and disease. States and territories maintain partnerships with conservation districts, nonprofit entities, institutions, and extension agencies to deliver forestry education, technical assistance, and professional advice to underserved forest landowners. This targeted outreach helps underserved forest landowners navigate emerging carbon market opportunities, establish land management plans, and implement practices to improve forest resilience while meeting landowner objectives.
- *Grant Funding for Tribal Participation in Emerging Carbon Markets.* In February 2024, the agency announced a \$20 million funding opportunity for federally recognized Tribes and Alaska Native corporations and villages to participate in emerging carbon markets for climate mitigation and forest resilience. The application deadline for this opportunity is August 21, 2024. The Forest Service is providing targeted technical assistance—both directly and through partnerships with the National Indian Carbon Coalition and First Nations Development Institute—to Tribes and Alaska Native corporations and villages considering this funding opportunity.

#### **IRA Sections 23002(a)(1) and IRA 23002(a)(4)**

This authority created new opportunities for the Forest Service to provide funding to landowners to implement forest resilience and climate mitigation practices. This summer, the Forest Service will announce funding opportunities for the following cost-share and payment programs:

- *Provision 1 (Climate Resilience/Mitigation Cost-Share Programs).* State and territorial forestry agencies will be eligible to apply for competitive grants to administer programs to issue cost-share payments to forest landowners for practices that enhance forest resilience and mitigate climate change.
- *Provision 4 (Carbon Sequestration/Storage Payment Programs).* Expanded eligibility will allow nonprofit applicants as well as states and territories to apply for competitive grants to administer programs to issue payments to forest landowners to sequester and store carbon.

The Forest Service has developed an implementation strategy for these initiatives that engages a diversity of partners. The agency anticipates a robust response from state and territorial forestry agencies to the upcoming announcements of these two funding opportunities. States will be encouraged to collaborate with partners such as conservation nonprofit entities and underserved landowner organizations to design and implement successful state cost-share programs, and nonprofit applicants will be encouraged to coordinate with states and leverage partnerships to provide quality customer service to landowners.

#### **Fresh Produce Access through USDA Procurement Programs**

*Question 2.* What is the Department doing to bolster access and improve the variety of fruits and vegetables offered through Federal procurement programs. Are there any legislative or regulatory barriers to address to strengthen the fruit and vegetable procurement process?

*Answer.* Over the course of the Biden-Harris Administration USDA has seeking out resource enhancements to simplify and streamline access to contracting information for businesses interested in selling their products and services to USDA. Few on this Committee may know that USDA purchasing actually extends well beyond agricultural commodities. Last fiscal year, in FY 2023, the Department awarded contracts to nearly 12,000 businesses from a wide range of industries for \$4.9 billion in food, \$4.2 billion in services, \$1.7 billion in Information Technology contracts, a half a billion in goods, and nearly a half billion in construction contracts.

With respect to our work to strengthen the fruit and vegetable procurement process, our new Local Food Purchase Assistance Cooperative Agreement Program (LFPA) is using non-competitive cooperative agreements to provide up to \$900 million of ARP and CCC funding for state, Tribal and territorial governments to purchase foods produced within the state or within 400 miles of the delivery destination to help support local, regional and underserved producers. This work is helping to maintain and improve food and agricultural supply chain resiliency, and ensuring that we are going to procure and distribute local and regional foods and beverages that are healthy, nutritious, unique to their geographic areas, and that meet the needs of the population. The Department would be glad to further engage with you and your office to discuss some barriers we have experienced in the procurement process for fruits and vegetables.

#### Testing for Water Contaminants Rural Communities

*Question 3.* As you may know, Per- and polyfluoroalkyl substances (PFAS) contamination in drinking water is a national issue. Rural communities have historically been overlooked by Federal investments when it comes to addressing drinking water challenges, especially those who are dependent on private wells. What specific programs does USDA have in place that can directly help rural homeowners who rely exclusively on private wells to test for and mitigate harmful contaminants like PFAS?

*Answer.* Through USDA RD Single Family Housing Repair Loans and Grants (also known as the Section 504 Loan and Grant Program), very low-income homeowners in rural areas who are unable to finance necessary repairs through other sources may obtain direct loans or grants to repair, improve, or modernize homes, or to remove health and safety hazards. Testing for PFAS may be considered part of the need to assess repairs and would be an eligible expense.

Also, through the Rural Home Loans (502 Direct Loan Program), loan funds can be used to help low-income people or households build, repair, renovate, or relocate a home, or to purchase and prepare sites, including providing water and waste treatment equipment. Again, testing for PFAS may be considered as part of the need to assess repairs and would be an eligible expense.

RD's Water and Environmental Programs do not have a program that can assist with private well testing. Currently, our Decentralized Water Systems Grant Program provides grants to nonprofits that in turn provide loans and grants for decentralized water and waste services such as testing and well replacement.

Additionally, water utilities can seek financing through the Water and Waste Direct program to extend centralized water services to homeowners whose wells have been impacted by PFAS.

#### *Questions Submitted by Hon. Salud O. Carbajal, a Representative in Congress from California*

*Question 1.* Congress appropriated \$1.3 million through USDA for the National Academies of Science, Engineering and Medicine to assess research on alcohol consumption and health outcomes that were not addressed in the *2020 Dietary Guidelines*. Please explain why USDA supports two separate work streams to serve the same purpose in developing recommendations specific to alcohol consumption—one by the National Academies and a second by the SAMHSA-led interagency working group.

*Answer.* In early 2022, the Interagency Coordinating Committee on the Prevention of Underage Drinking (ICCPUD), asked the Substance Abuse and Mental Health Services Administration (SAMHSA), as the convener of the ICCPUD, to initiate work on alcohol consumption and health as part of a broader scientific review and annual ICCPUD report. SAMHSA is responsible for providing administrative and operational support for ICCPUD under authority delegated by HHS. As ICCPUD's work was getting under way, Congress mandated USDA to enter into a contract with NASEM to review evidence on alcoholic beverages and health, per the 2023 Consolidated Appropriations Act.

While both the NASEM and ICCPUD studies will address the relationship between alcoholic beverages and health, there are key distinctions between the two, including the types of outcomes being examined and the methods being used to conduct the studies.

Specifically, the NASEM study will use systematic reviews to examine evidence on the relationship between alcohol consumption and health outcomes, while the ICCPUD study uses modeling to estimate risks. Thus, these two studies will provide complementary evidence to inform HHS and USDA as the Departments develop the next edition of the Dietary Guidelines. Importantly, neither the NASEM or ICCPUD studies will provide recommendations on alcohol consumption.

Both projects will include opportunities for public participation and external scientific peer review and will be complete by the end of December 2024. The table below provides a comparison of the two studies.

Study	Purpose	Methods
<p>NASEM—Review of evidence on alcohol and health.  <a href="https://www.nationalacademies.org/our-work/review-of-evidence-on-alcohol-and-health">https://www.nationalacademies.org/our-work/review-of-evidence-on-alcohol-and-health</a>.</p>	<p>the current scientific evidence on the relationship between alcohol consumption and the following health outcomes:</p> <ol style="list-style-type: none"> <li>1. growth, size, body composition, and risk of overweight and obesity</li> <li>2. risk of certain types of cancer</li> <li>3. risk of cardiovascular disease</li> <li>4. neurocognitive health</li> <li>5. risk of all-cause mortality</li> <li>6. <i>post-partum</i> weight loss</li> <li>7. human milk composition and quantity</li> <li>8. infant development milestones, including neurocognitive development</li> </ol>	<p>The NASEM study involves the conduct of systematic reviews</p>
<p>ICCPUD—Alcohol intake and health study.  <a href="https://www.stopalcoholabuse.gov/research-resources/alcohol-intake-health.aspx">https://www.stopalcoholabuse.gov/research-resources/alcohol-intake-health.aspx</a>.</p>	<p>To generate evidence on weekly thresholds to minimize health risks by modeling cause-specific absolute risk curves based on disease-, injury-, and condition-specific relative risk curves from cohort studies from conditions that are thought to be causally related to alcohol use (e.g., liver cirrhosis and cancer).</p> <p>This approach aligns with the current practices of the Centers for Disease Control and Prevention, the World Health Organization, and the Institute for Health Metrics and Evaluation, when estimating the burden of disease attributable to alcohol use.</p>	<p>The alcohol intake and health study will use the following methods to generate evidence on weekly drinking thresholds to minimize health risks:</p> <ul style="list-style-type: none"> <li>• Lifetime risk modeling to estimate the lifetime risk of death and disability for different levels of average alcohol consumption</li> <li>• Model cause-specific absolute risk curves based on disease-, injury-, and condition-specific relative risk curves</li> <li>• Cohort studies from conditions that are thought to be causally related to alcohol use (e.g., liver cirrhosis and cancer)</li> </ul>

**Question 2.** Please explain USDA’s role in overseeing and evaluating alcohol recommendations developed by the SAMHSA-led working group.

**Answer.** USDA and our Dietary Guidelines partners at HHS serve in a liaison role, where we provide information, as needed, as subject matter experts on the Departments’ needs for our development of the next edition of *Dietary Guidelines*. USDA and HHS will consider the findings from ICCPUD’s Alcohol Intake and Health study, along with the NASEM findings, when developing recommendations related to alcohol for the 2025–30 *Dietary Guidelines for Americans*.

**Note:** Since the hearing on February 14, 2024, ICCPUD has continued to make progress on its Alcohol Intake and Health Study. Specifically, ICCPUD has solicited public feedback on the study’s scientific methodology in the *Federal Register* and held a public annual stakeholder meeting to provide an update on the study and provide an opportunity for public feedback. Importantly, neither the ICCPUD study nor the NASEM study will provide recommendations on adult alcohol consumption. Rather, ICCPUD and NASEM each will provide a report with findings to HHS and USDA for consideration as the Departments develop the next edition of the Dietary Guidelines for Americans.

**Question 3.** Will USDA actively review and assess recommendations developed by the SAMHSA-led interagency working group and how will USDA work with HHS to ensure that any recommendations are developed free of conflicts of interest?

**Answer.** USDA notes that following the hearing on February 14, 2024, ICCPUD has continued to make progress on its Alcohol Intake and Health Study. Specifically, ICCPUD has solicited public feedback on the study’s scientific methodology in the *Federal Register* and held a public annual stakeholder meeting to provide an update on the study and provide an opportunity for public feedback. Importantly, neither the ICCPUD study nor the NASEM study will provide recommendations on adult alcohol consumption. Rather, ICCPUD and NASEM each will provide a report with findings to HHS and USDA for consideration as the Departments develop the next edition of the Dietary Guidelines for Americans.

**Question 4.** Federal law requires that the preponderance of scientific and medical knowledge must support changes to the existing *Dietary Guidelines* recommendations. No changes can be made without clearly showing that the preponderance of scientific and medical knowledge supports each change. How is the SAMHSA-led technical committee ensuring that this mandate by Congress is followed as it reviews research and drafts recommendations?

*Answer.* The Alcohol Intake and Health studies will be completed by experts with experience conducting meta-analyses, relative risk estimates, and systematic reviews related to alcohol intake and health. The studies will assess the current, best, and most applicable scientific evidence on the relationship between consumption of alcohol and health outcomes using methodological approaches that are grounded in rigorous scientific evidence and follow best practices. More information about the methods and study protocols are available on *ICCPUD's website*.<sup>19</sup> Additionally, the methods and findings from the review of the evidence on alcohol intake and health will undergo a rigorous review process, including scientific external peer review and opportunities for public comment. HHS and USDA will ensure that the Dietary Guidelines recommendations will be based on the preponderance of scientific and medical knowledge.

*Question 5.* How is USDA ensuring that the scientific review process underway by the SAMHSA-led working group mirrors the Dietary Guidelines Advisory Committee process in its research procedures and protocols, commitment to transparency, preclusion of conflicts of interest and willingness to invite comment from interested public stakeholders?

*Answer.* To ensure transparency and opportunity for public comment, ICCPUD has created multiple opportunities for public comment on the Alcohol Intake and Health Study, as well as a public meeting with interested stakeholders as part of the annual ICCPUD Stakeholders meeting. First, ICCPUD solicited public comments during the summer of 2024 on the scientific methodology and study protocols of the Alcohol Intake and Health Study. This request for comment was posted to the public docket OASH maintains on the *Dietary Guidelines*. Second, there will be an opportunity in late 2024 for public comment on the draft study outcomes. In addition, on August 7, 2024, the ICCPUD convened its annual stakeholders meeting which was open to the public. During this meeting, ICCPUD members provided updates on the Alcohol Intake and Health Study. It is also worth noting that information is updated on the ICCPUD website to ensure transparency throughout the process. The findings will also undergo a rigorous external review process that will include scientific peer review and opportunities for public comment.

Further, all Technical Review Subcommittee members and external subject matter experts involved in the Alcohol Intake and Health Study are required to declare sources of funding (direct or indirect) and any connection (direct or indirect) with the tobacco, alcohol, cannabis, or pharmaceutical industries, including any connection (direct or indirect) with any entity that is substantially funded by one of these organizations. This process is included in the 2023 ICCPUD Comprehensive Plan. Biographies and financial disclosures for the members of the Scientific Review Panel are available on ICCPUD's website.

*Question 6.* Will the work of the National Academies and recommendations developed by the SAMHSA-led interagency group be considered for inclusion in the *2025 Dietary Guidelines*? If not, please explain how any alcohol policies will be reported to consumers, the medical community and interested stakeholders.

*Answer.* The NASEM study pre-publication report is expected December 2024. The ICCPUD Technical Review Subcommittee findings will be published as part of the ICCPUD's *2025 Report to Congress on the Prevention and Reduction of Underage Drinking* as required by Congress. This timeline will allow for both projects to be considered in the development of guidance on alcoholic beverages and health to be included in the next edition of the *Dietary Guidelines*.

*Question 7.* Will alcohol policies and recommendations remain part of future *Dietary Guidelines* or will they be part of a separate process and which agency will lead that effort?

*Answer.* USDA and HHS have not made plans to exclude alcohol consumption and health from future editions of the *Dietary Guidelines for Americans*.



<sup>19</sup> <https://www.stopalcoholabuse.gov/media/pdf/Alcohol-Intake-and-Health-Methodology-for-Public-Comment.pdf>.<sup>†</sup>