

**HEARING TO REVIEW THE STATE OF THE
RURAL ECONOMY**

HEARING
BEFORE THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRTEENTH CONGRESS
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CONTENTS

	Page
Costa, Hon. Jim, a Representative in Congress from California, submitted letter	61
Lucas, Hon. Frank D., a Representative in Congress from Oklahoma, opening statement	1
McGovern, Hon. James P., a Representative in Congress from Massachusetts, submitted memo	61
Peterson, Hon. Collin C., a Representative in Congress from Minnesota, opening statement	9
Prepared statement	
WITNESS	
Vilsack, Hon. Thomas "Tom" J., Secretary, U.S. Department of Agriculture, Washington, D.C.	1
Prepared statement	3
Supplementary material	63
Submitted questions	66

HEARING TO REVIEW THE STATE OF THE RURAL ECONOMY

THURSDAY, APRIL 3, 2014

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

The Committee met, pursuant to call, at 9:31 a.m., in Room 1300 of the Longworth House Office Building, Hon. Frank D. Lucas [Chairman of the Committee] presiding.

Members present: Representatives Lucas, Goodlatte, King, Neugebauer, Conaway, Thompson, Gibbs, Austin Scott of Georgia, Tipton, Crawford, DesJarlais, Gibson, Hartzler, Noem, Benishek, Fincher, LaMalfa, Hudson, Davis, Collins, Yoho, McAllister, Peterson, McIntyre, David Scott of Georgia, Costa, Walz, Schrader, Fudge, McGovern, DelBene, Negrete McLeod, Vela, Lujan Grisham, Nolan, Enyart, Vargas, Maloney, and Courtney.

Staff present: Bart Fischer, Brandon Lipps, Debbie Smith, John Goldberg, Josh Mathis, Matt Schertz, Nicole Scott, Pelham Straughn, Skylar Sowder, Tamara Hinton, Anne Simmons, Keith Jones, Lisa Shelton, Liz Friedlander, Mary Knigge, Robert L. Larew, Merrick Munday, and Riley Pagett.

OPENING STATEMENT OF HON. FRANK D. LUCAS, A REPRESENTATIVE IN CONGRESS FROM OKLAHOMA

The CHAIRMAN. This hearing of the Committee on Agriculture to review the state of the rural economy will come to order. By a gentlemen's agreement, the Ranking Member and I are foregoing opening statements in the spirit of allowing as much time for the Secretary—who has a schedule conflict later this morning. I would also note that we would request that other Members submit their opening statements for the record so the witness may begin his testimony, and ensure there is ample time for questions.

With that, I would like to welcome our witness to the table, The Honorable Tom Vilsack, Secretary, U.S. Department of Agriculture, Washington, D.C. Secretary Vilsack, please begin when you are ready, sir.

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

Secretary VILSACK. Mr. Chairman, thank you very much. And to the Members of the Committee, thank you for this opportunity to appear before you this morning. I will just take a few minutes to briefly review where we are relative to farm income and the rural

economy, and then I know that there are—an opportunity for a number of questions on issues of concern to all of you.

Last year we experienced a record farm income, and this year we are expecting and anticipated farm income will be above average, roughly \$8 billion above the 10 year average. This is in part a result of record exports. We had a record year last year in agricultural exports. The first quarter of this year actually has surpassed the first quarter of last year by roughly eight percent, so we expect and anticipate again strong exports, records in beef, poultry, and pork, as well as a 40 percent increase in volume in some of the bulk commodities that are now being traded.

A record enrollment in conservation activities, nearly 500,000 producers are benefitting from the conservation programs established by Congress, and a record expansion of local and regional markets gives opportunities for small and mid-sized operators to succeed. Debt to asset ratios, and debt to equity ratios, are the lowest they have been since 1954. There are concerns, obviously, and I am sure we will address many of them, but some of these concerns that we are focused on at USDA is the lack of predictability in workforce, and the need for comprehensive immigration reform, the impact of weather, specifically drought in the Western part of the United States, and, based on the recent Agricultural Census, a continued concern about the declining middle-sized farms within agriculture, and the aging nature of farmers.

The rural economy, despite agriculture's record income, still continues to have its challenges with persistent poverty, with stagnant job growth, and with population loss for the first time in quite some time. I think the farm bill that you all worked so extensively on, and we thank you for the work in getting it passed, provides real hope for a brighter and better future in rural America. It not only provides a strong safety net for our producers, it also expands market opportunities both domestically and foreign. There will be creative use of our conservation programs that will open up new income opportunities for our producers, and it lays the cornerstones for a new natural resource economy, with production agriculture and exports, local and regional food system expansion, conservation and its opportunity to expand outdoor recreation and ecosystem market opportunities, and a new opportunity to bring manufacturing back to rural America through the bio-based product manufacturing sections of the farm bill, that will expand beyond fuel and energy to now include chemicals, polymers, and other fabrics.

We are committed at USDA to a timely and transparent implementation of the farm bill that you passed. At your desks I believe there is a report that we issued today, indicating the steps that have already been taken, in terms of implementation. We are significantly ahead of where we were in implementing the 2008 Farm Bill. I would say we are absolutely on track to have the Livestock Disaster Assistance programs up and going, so producers can apply on April 15, and hopefully will receive resources shortly thereafter. Our focus in the spring and summer will be on getting the educational materials out about the new safety net programs, ensuring that we work diligently on the establishment of the regional conservation partnership effort outlined in the farm bill, and also establishing the Agricultural Foundation, which offers great hope

and opportunity for us to leverage existing agricultural research dollars.

Mr. Chairman, I look forward to the questions from the Committee, and again, appreciate the opportunity to be here, as well as, again, appreciate the good work of this Committee in getting the farm bill passed.

[The prepared statement of Mr. Vilsack follows:]

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

Mr. Chairman and Members of the Committee, I am pleased to have this opportunity to discuss the state of the rural economy. The U.S. Department of Agriculture (USDA), under President Obama's leadership, has helped to build a strong foundation for future economic growth in rural America. The potential in rural America is almost limitless. Expanded opportunities in the bio-economy and renewable energy, rural manufacturing, and emerging markets for agricultural products are providing new revenue opportunities for farmers, ranchers and foresters, expanding the potential for job creation in rural small businesses, and spurring economic growth across the country.

The 2012 Census of Agriculture data, released in February, provide an important backdrop for this discussion. While the results reiterate what we have known for many years—that the farming population is aging—they also show growth in key areas. The number of young farmers has increased slightly. The number of minority farm and ranch principal operators increased dramatically, reflecting the changing face of America as a whole. The Census data also show that the number of small and very large farms held steady, but the middle—farms and ranches that are middle-sized and mid-income—has suffered in recent years.

We can and we must do more to support those living and working in rural America now, including a focus on assisting the middle-sized farms, while creating the kind of jobs and opportunity that encourage young people to get into the business of farming, and attracting and retaining the next generation talent in rural America.

Working with community and local government partners, our efforts have had a significant impact thus far. We have invested billions in critical infrastructure, essential nutrition assistance, and land and water conservation. For hardworking rural families who need additional help putting healthy food on the table, USDA's nutrition assistance programs are available as they return to work and rebuild in the wake of tough times. The unemployment rate in rural America fell to 6.8 percent for the 4th quarter of 2013—down from 9.0 percent during the same period in 2009. Moving forward, we must step up our efforts to invest in areas with high potential for growth, including expanding marketing opportunities for farm and ranch products both at home and abroad; investing in the emerging bio-economy; advancing conservation efforts that preserve land and water resources; and supporting critical research that will prepare our farmers and ranchers to address modern challenges.

I would like to take this opportunity to thank the Committee for your hard work in crafting the newly-signed 2014 Farm Bill. The new farm bill provides certainty that has been lacking for several years and allows USDA to now move forward confidently with the tools and resources we need to accomplish our mission of serving America's farmers, ranchers and rural communities.

Supporting Production Agriculture

Farmers, ranchers and those working in supporting industries maintain an agriculture sector that has seen strong growth over the past 5 years. Agriculture accounts for about \$746 billion in economic activity, supports one out of every twelve jobs in the economy, and helps to maintain vibrant, thriving rural communities. They are expanding into new markets around the world, spurring innovation, and creating jobs and opportunity on and off the farm, even in the face of uncertainty.

The future of rural America depends on their continued leadership, and we must make sure they have the tools they need to continue to grow, and a strong safety net to support them during tough times. In the roughly 8 weeks since the farm bill was signed into law, USDA is working diligently to implement the programs to ensure the effectiveness of the farm safety net going forward.

In the face of recent historic drought throughout the United States, USDA has provided assistance to farmers, ranchers and rural communities, including conservation assistance, and grants to help rural communities improve access to fresh drink-

ing water. The new farm bill also reauthorizes disaster assistance programs that have not been operational since 2011, allowing USDA to provide additional, much-needed relief to struggling farmers and ranchers. At the direction of the President, USDA has made the disaster programs our number one priority and expedited their implementation. Sign-up will begin on April 15, 2014.

Helping Farmers and Ranchers Access New Markets

USDA is supporting America's farmers and ranchers as they build on record agricultural exports. In Calendar Year 2013, exports of U.S. food and agricultural products reached a record \$144.1 billion¹ and supported nearly one million American jobs. We are on track for another exceptional export year in FY 2014, with shipments of farm and food products forecasted to reach \$142.6 billion.

USDA has helped secure new agreements with Panama, Colombia and South Korea. These agreements will generate new markets for U.S. farmers and ranchers to the tune of more than \$2 billion per year in additional exports. USDA has also removed numerous barriers to trade. For example, since 2012, USDA, in partnership with the U.S. Trade Representative, has removed unwarranted restrictions to help farmers provide more U.S. apples to South Africa, beef to Japan, organic produce to the European Union, and more. For example, over the past year, USDA, working closely with the U.S. potato industry, expanded market access for U.S. potatoes in the Philippines, Taiwan and Korea. As a result of the removal of trade barriers, potato exports to these three markets rose 13 percent from the previous year, reaching nearly \$21 million.

The potential for agricultural exports is considerable, yet only a small percentage of American companies export, and, of those that export, 58% export to only one market. Recognizing the tremendous potential of U.S. exporters to reach additional markets, in February the Administration's White House Rural Council launched the Made in Rural America export and investment initiative, which brings together Federal resources to help rural businesses access new customers and markets abroad. Thanks to resources in the new farm bill, USDA is also able to continue funding for trade promotion and market expansion for U.S. agricultural products overseas. For example, through the Market Access Program we will be able to provide trade promotion and marketing funding to over 600 small companies annually.

At the same time, USDA is helping create strong local and regional supply chains and the rural jobs that come with them. In 2008, USDA estimates valued local food sales at \$5 billion nationally—a figure that industry estimates grew to approximately \$7 billion in just 3 years. Our research shows that money spent on local food often continues to circulate locally, creating demand for other businesses and services in rural communities. USDA's investments in local and regional supply chains help producers break into new markets and meet consumer demand in under-served communities. As such, this strategy is a critical piece of USDA's work to support rural economies more generally.

USDA has invested in local food infrastructure—from cold storage facilities, to processing plants, to farmers markets, to food hubs that aggregate products from many farms and help smaller producers reach larger buyers. There are over 230 food hubs in operation nationwide today, and more than 8,100 farmers markets registered with the AMS National Farmers Market Directory. The 2014 Farm Bill builds on this progress by expanding funding eligibility through the Farmers Market and Local Food Promotion Program to include both direct-to-consumer opportunities like farmers markets, and supply chain projects like food hubs, which will allow USDA to invest up to \$30 million annually in local and regional food systems.

Schools, hospitals, retailers and other institutional and wholesale buyers are a rapidly expanding market opportunity for local producers and an investment into local economies, and USDA has helped to connect farmers and ranchers to local buyers. For example, USDA's Farm to School efforts are working directly with producers and schools to supply nearly \$355 million in local food, reaching over 30 million students in school cafeterias and investing in the health of America's next generation.

The 2012 Census of Agriculture data indicate there is tremendous growth potential for small and mid-sized producers, but many need additional support in order to become competitive.

Accordingly, USDA has expanded efforts to connect small- and mid-sized farmers and ranchers with tools and resources to help them access capital, get information about land management and conservation practices, manage risk, find local markets, and other educational resources that will help them grow their operations and expand into new markets. For example, the hoop house cost-share program, which

¹Figure reflects domestic exports and does not include re-exports.

began as a pilot in 2010 through the NRCS Environmental Quality Incentives Program, provides revenue opportunities by extending the growing season for high value crops, while also promoting conservation for small and mid-sized farmers. Since 2010, more than 10,000 hoop houses have been constructed, with projects in all 50 states.

Since its launch in January 2013, the Microloan Program has issued more than 6,000 microloans totaling \$116 million to beginning, small and mid-sized producers across the country. Housed within the FSA Direct Operating Loan program, the program allows farmers and ranchers to access of up to \$50,000 to help launch startup farm businesses, provide needed resources, and increase equity so farmers can graduate to commercial credit and expand their operations. This tool is especially helpful for new farmers, including veterans and women, and socially-disadvantaged farmers, such as those operating in Strike Force regions, as they tend to be under-capitalized and smaller.

Investing in Critical Research and Innovative Technology

Amazing scientific breakthroughs have helped our farmers, ranchers and growers increase production on the same amounts of land, using fewer inputs. Studies have shown that every dollar invested in agricultural research returns up to \$20 to the economy.

USDA continues to work with our Land-Grant University partners to deliver science-based knowledge and practical information to farmers, ranchers and forest landowners to support decision-making, innovation and economic opportunity in rural America. In the past 5 years alone, research by USDA scientists has led to nearly 400 patent applications covering a wide range of topics and discoveries. USDA also continues to aggressively partner with private companies, universities and others to transfer technology to the marketplace to benefit consumers and stakeholders. In 2013, for example, USDA entered into 1,924 cooperative research agreements, issued 23 licenses on patented technology, filed 134 patents, and received 46 patents on a variety of innovations to boost American agricultural productivity.

Looking ahead, we know that farmers, ranchers and foresters will be on the front lines when it comes to dealing with the impacts of a changing and shifting climate. That's why USDA has established a set of seven regional Climate Hubs and three subsidiary hubs. These hubs will help producers to get the latest information to help them mitigate the risks of climate change. The regional model ensures that the facts they're getting are geared toward what's happening in their part of the country. Each hub will serve as a repository for information on risks associated with climate change and deliver science-based, practical options for dealing with these challenges to farmers, ranchers, forest landowners and other stakeholders.

USDA is also helping farmers and ranchers to use what is already grown and raised on our farms and ranches in innovative and unexpected ways. New opportunities in advanced bio-based products and renewable energy expand the potential to strengthen rural manufacturing, particularly of products made from renewable materials from our farms and forests. Rural America desperately needs those jobs, and every American benefits from our expanded competitiveness in this globally emerging market.

For example, USDA is helping to create markets for advanced biofuels from non-food, non-feed sources—from the farm field to the end user. In 2010, USDA established a program to incentivize hundreds of growers and landowners farming nearly 60,000 acres of advanced biofuel feedstocks for energy conversion facilities. To ensure those feedstocks are put to use, USDA has invested in the work needed to create advanced biofuels refineries. Since 2009, USDA has invested in efforts to create nine new advanced refineries nationwide. We have also created six regional research centers across America to develop advanced bio-based energy technology that's appropriate to every region. With the nearly \$900 million in mandatory money provided in the Energy Title of the farm bill, we can continue these efforts to expand the bio-based economy and support economic development opportunities in rural America.

USDA scientists are also conducting research on the use of wood, helping companies meet green building design standards and creating jobs using forest products. Forest Service research into wood-based nanotechnology is leading the way to plant-based construction materials, body armor, and more. Earlier this month, USDA also announced a new \$1 million partnership a nonprofit organization to educate architects, engineers and builders about the benefits of advanced wood building materials. We also have plans for a new prize competition to design and build high-rise wood demonstration projects, which we believe will help spur increased sustain-

ability in construction and encourage builders to source materials from rural domestic manufacturers and domestic, sustainably-managed forests.

Expanding Opportunity in Rural America

USDA has made strategic investments in infrastructure, housing and community facilities to help improve quality of life in rural America. Since 2009, USDA has helped more than 800,000 families buy, repair or refinance a home; extended new or improved broadband service for more than seven million Americans and 364,000 rural businesses; improved or constructed more than 90,000 miles of electric line; invested in 6,700 water and wastewater projects for nearly 20 million Americans; and provided grants and loans to assist nearly 75,000 small and mid-sized businesses in rural America, creating or saving an estimated 377,000 jobs. New tools provided in the 2014 Farm Bill will allow USDA to build on its investments in the prosperity of rural communities.

Even as we make these investments, rural America continues to face a unique set of challenges when it comes to combating poverty. While poverty is not limited to rural America, nearly 85 percent of persistent poverty counties are located in rural areas. In fact, $\frac{1}{3}$ of rural counties have child poverty rates of over 30 percent, at a time when research increasingly demonstrates the negative effect of poverty on child development and educational attainment. The Administration believes that we must do more to create better futures for our children and families and those striving to reach the middle class.

That is one reason USDA has established the StrikeForce initiative. StrikeForce represents a broad commitment to grow economies, increase investments and create opportunities in poverty-stricken rural communities through intensive outreach and stronger partnerships with community organizations. From increasing access to healthy, affordable food; to closing farm loans; to building housing, libraries, hospitals and clinics; to expanding the productivity of our farmers and ranchers, through StrikeForce, USDA is working in close partnership with communities to provide technical assistance and a hands-on approach to ensure that knowledge of USDA programs and assistance is accessible to anyone, regardless of education attainment, place of residence or local capacity.

In 2010, USDA started StrikeForce as a pilot in persistent poverty counties in rural Arkansas, Georgia and Mississippi. As we saw this community partnership strategy working, we expanded our efforts. Now, through StrikeForce, USDA has partnered with more than 400 community organizations, businesses, foundations, universities and other groups across 770 rural counties, parishes, boroughs, Tribal reservations and *Colonias* in twenty states. Through these partnerships, USDA has supported 80,300 projects and ushered more than \$9.7 billion in investments into poverty-stricken rural areas.

Conclusion

In closing, I want to reiterate the importance of the passage of the new farm bill. The tools and resources provided by the farm bill will help USDA to carry out its mission, but there is more to be done to ensure the long-term viability of America's farms and ranches. It is critical that Congress move on immigration reform to maintain a stable, productive agricultural workforce. Agriculture needs the surety of a stable and adequate workforce, and that is possible only through a comprehensive set of rules that enact a pathway to citizenship for many of the workers who help to drive the productivity of our farms and ranches.

Mr. Chairman and Members of the Committee, thank you for this opportunity to speak briefly about the state of the economy in rural America. I believe that rural America—and those who live, work and raise their families there—continues to remain strong. Thanks to their resilience and willingness to adapt and innovate, our farmers, ranchers and rural communities are prepared to take on the challenges that the coming years will bring and keep the rural economy moving forward.

ATTACHMENT

Progress on 2014 Farm Bill Implementation

Title I—Commodity Programs

- **Supplemental Agriculture Disaster Assistance:** USDA will publish a final rule to implement the disaster assistance provisions and begin sign-up by April 15, 2014.
- **County and Regional Loan Rates:** USDA issued a press release on March 28, 2014 announcing county and regional loan rates.

- **Extension of Programs:** On March 28, 2014 FSA published on the *Federal Register* notices for the extension of the following programs: (1) Marketing Assistance Loans; (2) Milk Income Loss Contract; (3) Dairy Indemnity Payment Program; (4) Non-Insured Crop Disaster Assistance Program; and (5) Sugar.
- **Dairy Forward Pricing Program:** Final rule published on March 21, 2014, that re-established the Dairy Forward Pricing Program.

Title II—Conservation

- **Conservation Programs:** Applications are currently being accepted for the Conservation Stewardship Program and Environmental Quality Incentives Program.

Title III—Trade

- **Market Access Program (MAP):** During the week of April 7, 2014, the Foreign Agricultural Service (FAS) will announce 2014 MAP funding.
- **Foreign Market Development Cooperator Program (FMD):** During the week of April 7, 2014, FAS will announce 2014 FMD funding.

Title IV—Nutrition Programs

- **Low-Income Home Energy Assistance Program (LIHEAP) Payments:** On March 5, 2014, the Food and Nutrition Service (FNS) released an Implementation Memorandum to States on the elimination of standard utility allowances in the Supplemental Nutrition Assistance Program (SNAP) for LIHEAP payments less than \$20.
- **SNAP-related Provisions:** On March 21, 2014, FNS released an Implementation Memorandum to States communicating major SNAP related provisions of the Act.
- **Community Food Projects:** On February 27, 2014, the National Institute of Food and Agriculture (NIFA) released a Notice of Funding Availability for the Community Food Projects Competitive Grants Program, with \$5 million available.
- **Commodity Supplemental Food Program (CSFP):** On March 10, 2014, FNS released an Implementation Memorandum to States on phasing out the eligibility of women, infants and children.
- **Multiagency Taskforce on Commodity Programs:** On March 14, 2014, the Under Secretary of Food, Nutrition and Consumer Services issued a memorandum to solicit names for a multi-agency task force to provide coordination and direction for commodity programs.

Title V—Credit

- **Farm Loan Programs/Direct Farm Ownership:** On February 7, 2014, FSA implemented changes in the interest rate on Direct Farm Ownership loans that are made in conjunction with other lenders.
- **Modifications to Farm Loan Programs:** On March 24, 2014, FSA issued a news release in announcing changes to Farm Loan Programs as part of the Farm Bill.
- **Microloans:** On March 26, 2014, FSA issued an agency directive implementing non-discretionary microloan provisions.

Title VI—Rural Development

- **Value-Added Producer Grants (VAPG):** On March 25, 2014, Rural Development published a notice in the *Federal Register* extending the application period for Fiscal Year 2013 and 2014 funding for VAPG, with up to \$25.5 million available for these grants.
- **Definition of Rural Housing:** On March 13, 2014, Rural Development issued guidance to State Directors, field staff and stakeholders on implementing new eligibility requirements regarding the definition of rural housing.

Title VII—Research and Related Matters

- **Organic Agriculture Research and Extension Initiative:** On March 17, 2014, NIFA released a Notice of Funding Availability for the Organic Agriculture Research and Extension Initiative, with \$20 million available in FY 2014.
- **Specialty Crop Research Initiative:** On March 17, 2014, NIFA released a Notice of Funding Availability for the Specialty Crop Research Initiative, with \$76.8 million available in FY 2014.

- **Citrus Disease Subcommittee:** A subcommittee has been formally established within the National Agricultural Research, Extension, Education, and Economics Advisory Board, under the Specialty Crop Committee, and solicitation letters for nominations were issued March 17, 2014.
- **Foundation for Food and Agriculture Research (FFAR):** Letters soliciting nominations to the FFAR Board were mailed to interested parties and a *Federal Register* notice was submitted for publication on March 31, 2014.
- **Budget Submission and Funding:** On March 10, 2014, REE submitted its first Budget Submission and Funding report to Congress.

Title VIII—Forestry

- **Insect and Disease Infestation:** On March 19, 2014, Forest Service Chief Tom Tidwell sent a letter to all state governors notifying them of the opportunity to submit requests for designating their priority insect and disease areas for treatment.

Title X—Horticulture

- **Plant Pest and Disease Management and Disaster Prevention:** On April 3, 2014 USDA announced \$48.1 million in funding for 383 projects to help prevent the introduction or spread of plant pests and diseases.
- **National Clean Plant Network:** The Animal and Plant Health Inspection Service announced a Request for Applications (RFA) on March 24, 2014 for the National Clean Plant Network, with \$5 million available.
- **Bulk Shipments of Apples to Canada:** On April 3, 2014, AMS will publish a final rule in the *Federal Register* amending regulations under the Export Apple Act to allow bulk containers to be shipped to Canada without U.S. inspection.

Title XI—Crop Insurance

- **Premium Amounts for Catastrophic Risk Protection (CAT):** During the first week of April, the Risk Management Agency (RMA) will issue documents to revise the premium rates charged for CAT coverage to be based on the average historical “loss ratio” plus a reasonable reserve.

Title XII—Miscellaneous

- **Catfish Inspection:** On March 14, 2014 the Food Safety and Inspection Service (FSIS) submitted the first status report to Congress on the development of the final rule establishing a catfish inspection program.

The CHAIRMAN. Thank you, Mr. Secretary. The chair would like to remind Members that they will be recognized for questioning in the order of seniority for Members who were here at the start of the hearing. After that, Members will be recognized in order of arrival, and I do appreciate the Members’ understanding. And, with that, I recognized myself for 5 minutes.

Mr. Secretary, I would be remiss if I didn’t note how greatly I appreciate the heavy lift that you now have in front of you in implementing the farm bill. And we certainly felt that weight on this side of the room in the process of getting it to your desk. And I also appreciate greatly the efforts of you and your team during the farm bill process generally, especially in those final days of negotiations. And you know what I speak of, but thank you for making that happen.

Could you take a little more time and provide more of an overall view of the implementation efforts as they have occurred so far, and how you see them working through the rest of the summer and the fall, and if there are difficulties that you are encountering that would be appropriate to share with us, so perhaps we can help address those? I would be interested in that too, Mr. Secretary.

Secretary VILSACK. Mr. Chairman, we actually began preparing for the passage of the farm bill before the bill was actually passed and signed by the President. We established individual committees

within each title of the farm bill, and asked them to identify the steps that would have to be taken in order to implement it fully, whether it would be a rural guidance policy directive, a notice in the *Federal Register*, whatever it would be. We identified roughly 450 additional steps—significant steps would have to be taken within the overall farm bill. We have a convening group that has re-prioritized the priorities within each title to determine what needs to be done immediately.

Obviously our focus was on getting the disaster assistance programs up and going. We recognize that we have an equal set of pressure and stress on making sure that there is educational materials prepared and given to producers so that they can begin the process of understanding the various elections that they have to make, both in crop insurance, and in the safety net programs. We want these producers to be prepared to make those decisions in an informed way sometime in the fall, late fall, early winter of this year, so that they are in good shape for the 2015 crop year.

So we anticipate livestock applications on or before April 15, resources provided thereafter—shortly thereafter. Educational materials, we are in the process now of deciding how to allocate the \$3 million that you all provided to establish the educational outreach, and the \$3 million that will create the education pools that will be used by folks to make decisions. We also understand the significance of what you have done in conservation, and we know there is great interest in these regional partnerships, so we are focused on making sure that we get those in order in a relatively quick way. We are in the process right now of making conservation programs available, Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP). There are sign-up opportunities at this point in time, and we anticipate obligations being completed on the regular programs sometime this summer.

In terms of the Foundation, we have a number of steps legally that we have to take, which we expect and anticipate taking very, very shortly. There will be a meeting of the *ex officio* Board members, the interim Board. We will, this week, have provided a notice to the world to submit applications and nominations for folks who can serve on the Board. We will vet those folks, and hopefully sometime late spring we will be in a position to have a full Board appointed.

We expect and anticipate a lot of activity in 2014. And, at this point in time, we think we have what we need, but we appreciate the offer that if we are in need of assistance, we will certainly let you know.

The CHAIRMAN. Thank you, Mr. Secretary. I yield back, and turn to the Ranking Member, and recognize him for 5 minutes for any questions he may have.

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

Mr. PETERSON. Thank you, Mr. Chairman. Secretary, I appreciate you being here. And currently you guys have decided not to do a general sign-up in CRP in 2014, or until the fall, I guess, is that the decision?

Secretary VILSACK. I am not sure that that decision has been final. As you well know, the amount of acreage available in CRP has been somewhat contained and restricted by Congressional action, so we are in the process of taking a look at precisely where we are relative to continuous sign-up, which, obviously, continues. What I do know about CRP is that, because of limitations, in the future we are going to have to be quite targeted and quite focused. We think we have some flexibility in the continuous programs, but at this point I wouldn't say that we have finally made a decision relative to a general sign-up.

Mr. PETERSON. Well, I would encourage you to take a look at it, because I think there is—from what I can tell, there are 1½ million to 2 million acres left in there, even with the 24 million acre cap, so I am concerned that, given what is going on with commodity prices and so forth, I think things are going to change. I mean, we have been having people tear up their CRP because of the high rents and so forth, but I think that may change. The continuous sign-up is not going to solve all the problems that I am interested in. We need big track CRP to maintain these wildlife populations. That is what has brought back pheasants, and deer, and some of this other stuff. And so the continuous by itself isn't going to get it, in terms of wildlife, in my opinion.

Secretary VILSACK. I don't disagree, and, as you know, we have had a number of general sign-ups since I have been Secretary.

Mr. PETERSON. Well, thank you, and I would just encourage—because if you wait until fall, we are going to miss the year up in our part of the country. The way this winter is going, we may not, or we may have snow in July. I was reading in a story someplace the last couple days about the bee pollinator situation, and it was reported that there is apparently some kind of Federal program or something to encourage people to plant alfalfa and clover. Do you know what they are talking about?

Secretary VILSACK. We provided \$3 million to encourage better habitat for pollinators, given the challenges and concerns we have seen.

Mr. PETERSON. How does that work? How does the \$3 million—what does it do?

Secretary VILSACK. Well, it is essentially focused on the upper-Midwest area, in an effort to try to see whether or not incentives will work to encourage the planting of grasses, *et cetera*, that will be attractive to pollinators. And it is part of an overall effort that involves the establishment of a pollinator working group at USDA, and it is something that the White House is also quite interested in. The science—John Holdren is involved in this as well. And we are doing additional research, in terms of trying to establish precisely what the threats are, what the challenges are for pollinators. It is complicated, and it is not—it doesn't lend itself to a simple answer.

Mr. PETERSON. Yes, I am aware of that, and we appreciate your efforts, but I guess—is it like a cost-share? Is that what you are looking at? So if you are going to plant—say you have some land that is a general crop: corn, or soybeans, then you are going to put it down into alfalfa and clover, how would this—would it be like a cost-share that—

Secretary VILSACK. Well, I think it helps to defray the expenses if you make that decision.

Mr. PETERSON. To plant it?

Secretary VILSACK. Yes, sir.

Mr. PETERSON. Yes. Okay. So it would be like the cost-share that you get for planting CRP, or some of these other things?

Secretary VILSACK. Yes, sir.

Mr. PETERSON. On the dairy front, I know you are moving rapidly on that. One provision in the bill was to allow California to come into the Federal Order System, and I understand there have been meetings with California processors and so forth. So can you kind of update me on—or do you know where that is at, and how that is progressing?

Secretary VILSACK. There have been three or four specific trips by our Agricultural Marketing Service (AMS) personnel to California. I think we have probably addressed nearly 80 percent of the producers, manufacturers, and trade organizations, as well as the California Department of Food and Agriculture.

We would expect and anticipate that the formal proposal that is required to trigger this will be submitted sometime this spring. Once that industry submits the proposal, we may have to go through, as you know, one or more formal rulemaking hearings, and then, obviously, there has to be approval by the producers. So the process is moving, and we are prepared to cooperate, should the producers want to be part of this. We basically have ten of these, representing roughly 60 percent of the dairy industry in the country today.

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

The CHAIRMAN. The chair now recognizes the gentleman from Texas, Mr. Neugebauer, for 5 minutes.

Mr. NEUGEBAUER. Thanks, Mr. Chairman. Secretary, thank you for being here. Just a couple of things. I guess one of the things that was—wasn't really resolved in the farm bill was the actively engaged rules, and that was left up to your agency to determine. And, obviously, a lot of the producers in my district are very interested in this process. Can you elaborate a little bit of kind of how you see this process being developed, and what kind of input that you might seek from producers and producer groups?

Secretary VILSACK. This is, obviously, an issue that raised a lot of concerns and interest, as you indicated. I would say first and foremost, we are dealing in a very narrow band, in terms of what Congress has directed us to do. As you well know, there is a family farm provision, as it relates to the actively engaged, which will probably address a large percentage of operations in the United States, so that obviously won't be part of our review or conversation. It will be primarily focused on general and limited partnerships. It is not likely to be focused in great—to a great extent on corporate structures because of the nature of liabilities.

So we will be looking at the universe of folks that we are dealing with. We will propose an interim rule process so that folks will be given the opportunity to weigh in, to have comment, to express concerns. This is a very difficult issue to provide the kind of clarity and certainty that everybody would like to have. We are working on it. I had a meeting just yesterday with my staff on this, so we

are very—we understand our role. We understand the narrow focus. We understand where the attention needs to be placed, and we understand the process has to be transparent, and has to give people an opportunity to weigh in and comment on whatever we ultimately decide.

Mr. NEUGEBAUER. Thank you, Mr. Secretary. The other thing is that recently Fish and Wildlife, last week, listed the Prairie Chicken as threatened. I am on the record saying that I don't believe that was necessary. But one of the things I do understand is that supposedly Fish and Wildlife did consult with USDA about this issue. And what I was wondering is did they ask, or did you furnish them any information that would lead them to have information of the economic impact of listing this species, and the hardship or burden that it might place on producers?

Secretary VILSACK. Congressman, our primary conversations with Fish and Wildlife Service on this particular issue was how we might be able to provide the same kind of regulatory certainty for Lesser Prairie Chicken that we have provided for Sage Grouse. So we have been able to enter into an arrangement with Fish and Wildlife for the benefit of landowners and producers in which we lay out specific conservation practices that, if farmers, pursuant to Natural Resources Conservation Service (NRCS), working with NRCS, adopt these conservation practices, then they don't have to worry about incidental takings, relative to conservation practices, or relative to their operation for a period of 30 years. So our focus has been primarily on trying to figure out ways in which we can mitigate the impact on farming operations.

I will have to check with my staff as to whether or not economic information was provided, but I know that I did direct the staff to look at ways in which we could create more regulatory certainty for folks who may be impacted by this decision.

[The information referred to is located on p. 63.]

Mr. NEUGEBAUER. Thank you, and I would appreciate it if you would follow up about the economic, which kind of leads me to the next question on COOL labeling. One of the things that was a part of the farm bill was that, within 180 days of enactment, that the agency would furnish a study of the economic impact on COOL labeling. And I can tell you firsthand it has had an economic impact on my district, and it hasn't been in a positive way. For example, they closed a packing plant, Cargil did, in Plainview, Texas, lost 2,000 jobs. And when you talk to local leaders, and leadership at Cargil, they will tell you that the COOL regulations had a substantial part to do with that. And so I am very anxious to hear your progress, and kind of see how you think that is playing out, and when can we expect that report?

Secretary VILSACK. Well, the report will be furnished in a timely way. We obviously will—are in a situation where Congress has directed us, pursuant to statute, to establish a labeling responsibility. The World Trade Organization (WTO) has given us direction and guidance as to what those labels require. We are obviously in a current litigation situation, if you want to call it that, with Canada and Mexico. We anticipate and expect some indication of what the WTO panel is considering sometime in the June or July time period of this year.

Mr. NEUGEBAUER. One last question. You know, with the new farm bill, and a fairly different farm bill, a new safety net, a lot of different moving parts, lot of choices, which is a good thing. One of the things that concerned me a little bit is, in the President's budget, we are seeing that—proposing closing more FSA offices. And I am wondering about, in the time where we need to be educating our producers, new programs, new procedures, does that make sense?

Secretary VILSACK. Well, first of all. Congressman, we are not anticipating—expecting the closure of any offices in 2014, so the current state—and system will stay in place. However, FSA's budget, in terms of salaries and expenses, has resulted in a 20 percent reduction in workforce over the last several years. Technology is going to change the way in which work is being done at FSA offices.

We know that we have roughly 130 to 140 offices that either have no full time employee working at them, or have a single full time employee working at them. We believe that there is an opportunity for us to take this year and look at where the work is actually being done, and essentially reorganize and restructure the FSA system so that the people are where the work is, and create, basically, a three-tiered system, with central offices with supervisory personnel and more than three employees, branch offices with three employees, but no supervisory personnel, satellite offices where people will be able to obtain, by appointment, an opportunity to meet face to face.

With the technology changes, we are hopeful that within the next year to 2, many of our producers won't even actually have to access an FSA office, but if they do, they will be able to access all of their records in all of the counties where they may have land in a single office. So that is going to change significantly the way in which FSA offices operate.

Our view is that there is a new opportunity for FSA offices to be a one stop shop for information about not just their own programs, but all the other programs that may potentially impact and affect a farming operation, and provide additional income opportunities. We want them to be a greater guide and greater counselor to producers. So we are taking a look at how we might be able to modernize the system, but for 2014, we don't anticipate any significant change.

The CHAIRMAN. The gentleman's time has expired. The chair now recognizes the gentleman from North Carolina for 5 minutes, Mr. McIntyre.

Mr. MCINTYRE. Thank you, and thank you, Mr. Secretary, for your strong work on behalf of agriculture, and your very good work for rural economic development. Following up on the last question, we too are hearing from farmers about the FSA field offices being understaffed with the new regulations in place, and you were just talking about a three-tiered system, and the concern of about a 20 percent reduction in workforce. What kind of timetable for this year, with the change in the—obviously with the farm bill are you looking at in being able to have adequate staffing to be able to meet these needs as farmers come in with questions?

Secretary VILSACK. Well, the farm bill provided \$100 million of additional resources, and we are using those resources now to begin the process of ramping up temporary help at many of these offices. I emphasize temporary because we clearly don't have the permanent budget capacity to support additional permanent help. I would point out that, when and if there is consolidation of offices in 2015, it is not about saving money. It is really about redirecting those resources to strengthen the remaining offices that will be in existence.

We have over 2,100 offices today, and so there shouldn't be any change this year. We are ramping up temporary help to provide assistance and help as we implement the farm bill. So I don't think there needs to be as much concern as there might be, if one understands precisely what we are doing, relative to the FSA offices. No impact on 2014, temporary help in 2014.

Mr. MCINTYRE. Thank you. And you mentioned about the next year or 2, you were just saying a moment ago in your answer to my colleague about technology improvements, with regard to updated software so that those FSA temporary employees and permanent employees can do their job, how soon do you expect that updated software so that they will be able to implement what needs to be done to help the farmers with the new farm bill?

Secretary VILSACK. Well, we are in a position, we believe, to be able to provide producers information that would allow them to take a look at their operations sometime late summer, early fall, make adjustments to their production history, and then provide additional information over the fall, so that when they have to make the election in the latter part of this year, whether it is Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC), whether they opt for supplemental coverage under their crop insurance opportunities or not, that they will have adequate and sufficient information to be able to make that informed decision.

So we are going to have everything in place during the summer and fall so folks can access information, so that conferences can be held, so that land-grant universities and extension, the minority serving institutions will be able to provide information to folks who have questions. And so that is our plan.

Mr. MCINTYRE. Thank you. And, in addition to talking about by this fall in earlier testimony today to the Chairman, you say that late fall, early winter you mentioned, is that the ultimate goal for full implementation of all aspects of the farm bill?

Secretary VILSACK. I wouldn't say that that is a fair statement, Representative. I think that there are issues that will bleed into 2015. What we have attempted to do is to try to establish the highest priority areas, the things that people have the greatest concerns about, and the need to get it done this year, and that is what we are focused on. We think if we get the dairy program up and going, as we are required to do, if we have the Stacked Income Protection Plan (STAX), and the supplemental crop insurance option available, if we have the ARC and PLC programs in place, and the disaster assistance and the conservation process in place, that we will have gone a long way.

But there are still issues relative to crop insurance changes that may take a little bit longer than that, the conservation compliance

issue, for example. That may bleed into 2015, and the reason that is not as high a priority is because, in a sense, we already have that responsibility now. If you are participating in a disaster program, or any other safety net program, you have conservation—

Mr. MCINTYRE. Yes.

Secretary VILSACK.—responsibilities. So it will take a while. I would be happy to show you the 450 additional steps that have to be taken. It is not—it is a complicated thing.

Mr. MCINTYRE. Thank you. And in my remaining few seconds, I want to thank you for your help with this final year of the tobacco buyout to honor the contracts entered into a decade ago. What is the timeline for the transfers and successors of producers and quota holders to receive their final payment? When can those payments, pending from last year, and those due to a deceased holder, expect to be made?

Secretary VILSACK. Well, we have—we paid out over 90 percent of the resources to producers in February. We would expect and anticipate the remaining payments to be made sometime late spring.

Mr. MCINTYRE. Thank you again for your help with that. I know how important that has been, and we appreciate your helping us to resolve that over the last 10 years, it being a project that has now come to fruition. With that, I yield back my time, and thank you, Mr. Chairman.

The CHAIRMAN. The gentleman yields back. The chair recognizes the gentleman from Iowa, Mr. King, for 5 minutes.

Mr. KING. Thank you, Mr. Chairman. I appreciate this hearing, and, Mr. Secretary, I appreciate your service in coming here to testify this morning. Let us start with one that is going to be good news, and that is, do you have some information on the appreciation of the value of ag lands, say, in the Corn Belt over the period of time that you have been Secretary, and perhaps before?

Secretary VILSACK. Well, Congressman, the best way for me to put it would be to point out that our debt to asset and debt to equity ratios are the lowest they have been since 1954. So, obviously, there has been an appreciation of land. There has also been land acquisition, but not as it was in the 1970s and 1980s, based on debt, but based on the capacity of people to pay cash for land. So that is—I think we are in a very solid position at this point.

Mr. KING. It is much different than it was going into the 1980s: very much higher leverage. Now, I wanted to make that point, because I think we have made a lot of progress in that situation. And then in the farm bill that has most recently become law, there were three provisions I would have liked to have seen that would have treated the livestock producers a lot better, and that is GIPSA language of Mr. Conaway's, which I won't go very far into, expecting he may. The other is the COOL language, which you have spoken to, and mentioned that we are in a current litigation situation regarding WTO agreements. Had that COOL language—just for the record, had that COOL language that was in our version of the bill, had that been—gone into law, if we had made it either voluntary or repealed it, can you tell the Committee where the litigation might be now?

Secretary VILSACK. Obviously, if it had been repealed, it may very well have rendered the current issue moot. I am not sure

that—necessarily that a change in the law directing us to label it any particular way would have necessarily resolved the concerns of the Canadians and Mexicans. I just don't know.

Mr. KING. But perhaps moot?

Secretary VILSACK. Moot if you repeal it, because then it is—then there is not an issue here, other than they might contend that they have been damaged in some way, and, frankly, we are a bit skeptical of those damage claims.

Mr. KING. And I think that is—it is my position to repeal it, and it is the position of this Committee, and it was one of my disappointments out of the farm bill. Then I would like to go over to the RFS, and ask you, have you been asked to consult on the EPA's reconsideration of the Renewable Fuel Standard?

Secretary VILSACK. Well, we have a responsibility to always indicate to EPA our views on the Renewable Fuel Standard, and we have done that. What I have attempted to do is to focus on the areas that I have specific control over, and that is the ability to potentially look for additional market opportunities overseas. We think there is an export opportunity that needs to be explored. And, with the blessing of corn growers, and others in the industry, we are going to expand our trade mission to China to include representatives from the biofuel industry. We also are continuing to look at ways in which we can use the resources that we have, notwithstanding the restrictions that are in the farm bill, on the Renewable Energy for America Program (REAP) to see if there are ways in which we might be able to encourage more distribution of higher blends.

Mr. KING. I appreciate those extra opportunities out there. But as far as advice to EPA, as you consult with them on the basis of the law on the Renewable Fuel Standard, as you look at that language, what is your recommendation to them as they reconsider?

Secretary VILSACK. Well, I would say a couple things, Congressman. I mean, first of all, I am a strong believer in the Renewable Fuel Standard. And I know it is controversial even in this Committee, but I believe it is important to have for jobs, for stabilizing farm income, for reducing our reliance on foreign oil, and for providing consumers choice, and less expensive gas.

Mr. KING. With regard to the language in the—

Secretary VILSACK. Right.

Mr. KING.—Act itself—

Secretary VILSACK. I think we need it. I think that the EPA has a very interesting situation, where the basis of that standard was established on the belief that we would, as a country, continue to use more and more gasoline. With more fuel efficient vehicles, and with a difficult economy at times, that has not been the case. But since the EPA rendered its initial projections, gasoline use has increased, and we wanted to make sure that EPA was aware of that, because we think that could have an impact on what they ultimately decide.

Mr. KING. Well, let me just borrow a little bit of our time, and make my recommendation to the EPA, then, and that is that they review the data with current numbers, rather than 2011 numbers, and go back and carefully read the law and the directive that Congress delivered on that. And I would like to, then, just stop quickly

at one more piece here, and that is the amendment that I had, called the Protect Interstate Commerce Amendment. And you predicted that if it stayed in the bill, that there would be a lot of litigation because the bill is—the amendment is not well drafted.

I don't find other lawyers that read that that way, but I would ask if you could briefly comment on what you think the impact will be on the egg supply, especially in California, if the people who do litigate, and have started now, originating in Missouri, are not successful?

The CHAIRMAN. The gentleman's time has expired, but the witness may answer the question.

Secretary VILSACK. Well, Congressman, you and I obviously have a disagreement about the clarity of the provision. I think it would have led to a lot of confusion. I think, frankly, we are going to have to see what courts ultimately decide on this issue to provide clarity. You know, it may have an impact. It could be a positive impact in some producing areas. It may have a negative impact in other producing areas. I think the market, ultimately, is going to decide, and the market is going to decide how many eggs we consume.

Let me just, if I could, Mr. Chairman, 30 seconds on the RFS, this needs to be perhaps noted in this Committee's history. Congressman, you and I agree, so mark that down. I think they should look at the current gas usage, and they obviously need to read the law very, very carefully.

The CHAIRMAN. And I would note to both of you I am very sensitive about the Renewable Fuel Standard. The gentleman's time has expired.

Mr. KING. I do acknowledge the Secretary's statement, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman from Georgia, Mr. David Scott, is recognized for 5 minutes.

Mr. DAVID SCOTT of Georgia. Thank you very much, Mr. Chairman, and welcome, Mr. Secretary. Mr. Secretary, given Congress's clear intent to limit the Federal jurisdiction of navigable waters, and also given the Supreme Court's interpretation the same way, to limit navigational waters, how do you justify the EPA's proposed rule to extend, not limit, but to extend Federal jurisdiction so much beyond navigable waters that flies directly in the face of what Congress intended, and directly in the face of what the Supreme Court interpreted?

Secretary VILSACK. Congressman, this is a law that Congress wrote. It is a law that the Supreme Court has interpreted, and it is a law that the EPA has responsibility for implementation. My role, I believe, is to make sure that EPA is fully aware of the potential impact that it could have on farming and ranching and land ownership, as it relates to rural lands, and we have done that. My role is to make sure that there is greater clarity in terms of what this rule does and does not do. And I think, by virtue of our input, we have clarified and reaffirmed that normal traditional agricultural activity is not impacted. We have reaffirmed that agricultural storm water discharge is not impacted. We have reaffirmed the maintenance of drainage ditches are exempt.

We have also cleared up that groundwater, tile drains, the regulation of ditches are not going to be expanded. In fact, we have now

clarity in terms of precisely what is involved here. It doesn't involve waste water treatment systems. It doesn't involve artificial lakes or ponds for rice. And we went one step further in pointing out to the EPA that when people do conservation practices, it is really about improving water quality, which is why they have identified 56 specific areas that will not require permitting. I think our responsibility is to do what we did, which is to provide clarity and certainty.

Mr. DAVID SCOTT of Georgia. Well, Mr. Secretary, I do hope that you will be able to do more, because we need a strong advocate. Our farmers are struggling with this issue. They cannot run their farms in an efficient way, not knowing from one day or next what interpretation is of navigable waters. Sometimes it could be even, like, a puddle. I mean, when you have that kind of discrepancy—our farmers are faced with so many obstacles that I just urge you to do that.

But let me ask you, is it true that farmers only qualify for a Clean Water Act Section 404 exemption if the farmer follows the NRCS standards?

Secretary VILSACK. We have worked with the EPA to ensure that when folks follow the rules that are established by NRCS—

Mr. DAVID SCOTT of Georgia. Yes.

Secretary VILSACK.—in concert with the land owner, as they put together the conservation plan, and as they decide what needs to be done, that, if they follow through, and it is in one of those 56 activities, that they don't have to worry about getting a permit, or notifying anyone.

Mr. DAVID SCOTT of Georgia. Okay.

Secretary VILSACK. There is an ongoing conversation that will take place as a result of an Memorandum of Understanding (MOU), so that, as further information is forthcoming, or issues arise that would fall into this bucket, that number may be 58, may be 63, may be 75 a year from now.

Mr. DAVID SCOTT of Georgia. Okay. Thank you very much, Secretary, and I just urge you to help our farmers as much as you can on that. I get a lot of complaints from our farmers in Georgia about the navigable waters issue.

But there are two other points, and my time is running out, that I think that are facing—really the greatest challenges facing agriculture and farming now. One of them is the age of our farmers is getting higher, and higher, and higher. The average age of our farmers now is almost 60. I think that this is a great threat to the future of agriculture, and we need to do more to get our younger people engaged in farming. Next month I am going to give the commencement address at the University of Georgia's School of Agriculture, and I want to say something to these students, and give them some hope on that. And I would like for you to tell me what the USDA is doing to help to bring down the barriers.

I mean, it is one thing to say to a young person going to business selling shoes, you just open up a store, get on the corner, and do that. But when you are talking about going into farming, in this day's climate, there is land acquisition, there are a lot of things there. One of the things that I want to propose is that we look at how we can give students loan forgiveness, scholarships. Perhaps

we can use a combination of 1860s and 1890s to work collaboratively together, change the language and the law so that we can give students scholarships, and so that we can maybe give loan forgiveness.

Whereas, if we don't do something to get some incentives for our young people to get into farming, and bring that age down, we are—the future of this nation, and quite honestly the world, is at stake. As the world grows, farmers are getting older, we have to face this dilemma. Could you—

The CHAIRMAN. The gentleman's time has expired, but the witness may answer the question.

Secretary VILSACK. Thank you, Mr. Chairman. Congressman, there are a number of steps that we are taking, and will be taking. Increased resources in the Beginning Farmers and Ranchers Development Program, the establishment of the microloan program, which this Congress has now increased the limit, new opportunities in terms of less expensive crop insurance for beginning farmers, which they didn't have before, the ability to get advance payments on conservation for beginning farmers, a more flexible definition of *beginning farmer*, lower credit costs for beginning farmers, and additional premium assistance in terms of crop insurance for beginning farmers.

And we are also working with a program called AGree to take a look at ways in which we could potentially create a Food Corps, which would be similar to the Peace Corps, Vista, or AmeriCorps, which is akin to your idea. It wasn't so much a scholarship as it would be the capacity to pay for someone to be mentored on a farm. That, with the CRP transition program, there may be ways in which we can get young people involved. The fact that we have expanded local and regional food system market opportunities allows smaller operators and producers access to farming, which is why we have seen a slight increase in people farming under the age of 35. So the trend line, you are correct, we have a challenge, but we are beginning to see a little brighter future in that respect.

Mr. DAVID SCOTT of Georgia. Thank you. Thank you for the time, Mr. Chairman, I appreciate that.

The CHAIRMAN. The gentleman's time has expired. I recognize myself for 5 minutes. Mr. Secretary, I thank you for being here. I want to thank in advance all those hard working FSA, NRCS folks across this country going to be implementing the farm bill, once the base decisions are made here in D.C. They have a great team in place, so they have—they are challenged, and they have a lot of hard work ahead of them to communicate these changes to the folks. So please express our appreciation for what they are currently doing, they are about to do, in that regard.

I want to talk about cotton a little bit, China has, by some reports, a 57 million bale strategic reserve, something on the order of four to five times U.S. production. We are not real sure what they are going to do with it and why, and it has a big overhang on the market that is having some impact. Can you talk to us about what you and the USDA have done to communicate, either directly to the Chinese or to the WTO, our concerns about what they might or might not be doing with respect to their cotton policy, and the high subsidies they are paying?

Secretary VILSACK. Congressman, I appreciate you bringing this issue to—bringing it up. You know, our conversations with China in the last several years have been focused primarily on their regulatory system and process, and trying to get it better synchronized with ours, in terms of regulatory approvals. If I can ask for your permission, I would be happy to get you a more detailed conversation on what the communications have been relative to cotton in China.

I can tell you that we have established a China-American business group in China, the purpose of which is to allow us to not only inform the Chinese through official circles, but also to engage Chinese officials and Chinese business leaders in these conversations. But let me get you more information on cotton.

[The information referred to is located on p. 63.]

The CHAIRMAN. Well, I appreciate that. Please include in there—there is some indication that 2014 they are going to make some changes to whatever their policy is, or has been, so fold in their prospects of what they are going to do as a part of that conversation. And I appreciate you getting back to us on that.

Let us talk a little bit about the SNAP program, and the able bodied adults of age—under the age of 50 with no dependents. Now that unemployment nationwide has come down to 6.7 percent, can you talk to us a bit about what your plans are to continue granting waivers to states who have asked for those waivers for folks in that category to stay on food stamps beyond the normal 3 month category?

Secretary VILSACK. Mr. Chairman, there is a real opportunity in this area, and, for that matter, the entire SNAP population, to do a better job of connecting work opportunities with folks on SNAP who are interested in working, and who are capable of working. That is why we are excited about the portion of the farm bill that creates the opportunity for us to have up to ten pilots with states to do a better job of connecting. The fact that we have these pilots is going to send a strong message about the important work that states must do a better job of using the education and training money that they have to actually do a better job of getting folks better connected.

We think there is a disconnect between economic development and workforce development offices at the state level and human services offices. These folks know where the jobs are. These folks know who is looking for a job. For whatever reason, they are not doing a particularly good job of talking. We provide several hundred million dollars to encourage that kind of conversation. We need to do a better job of compelling that conversation.

We will be happy to take a look at the waiver issue. I think there are circumstances, unfortunately, in some states where the unemployment rate overall may be low, but there may be particular areas within that state where the unemployment rate is unacceptably high, and so there may be the need for some kind of flexibility as it relates to those areas.

[The information referred to is located on p. 64.]

The CHAIRMAN. So you are saying that you can target those waivers to specific counties, *versus* the entire state?

Secretary VILSACK. Well, I think that there are opportunities to do that, and opportunities, again, to work with states to compel them to do a better job. We are seeing a plateauing, and now a slight decline, of the number of people in need of SNAP, which reflects the unemployment circumstance, but there is still work to be done here. And I am very focused on making sure these pilots actually give us information that will allow us to develop better policies in the future.

The CHAIRMAN. Well, I hope we can see the—if you will communicate that with us, once you begin to see some results out of those pilots, that you will share that with Congress as well as we deal with 80 percent of the spending in the farm bill that is related to nutrition programs. With that, I yield back. Now recognize Mr. Costa—

Mr. COSTA. Yes.

The CHAIRMAN.—for 5 minutes.

Mr. COSTA. Thank you very much, Mr. Chairman. I want to thank the Secretary for his good work, and his staff. Speaking of which, I want to acknowledge that one of your staff members who is departing used to work for many of us here in the House Agriculture Committee, and that is Ann MacMillan, and we wish her the very best in her future endeavors, Mr. Secretary.

Your opening statement talked about the good, and the bad, and the challenges American agriculture faces. On the plus side, you noted that record profits, due in large result to trade activity, has been occurring throughout American agriculture. Have you done any evaluations, the Department, on what the benefits would be if the TTIP, the trade negotiations between ourselves, and the Europeans, and the TPA, were to be successfully negotiated?

Secretary VILSACK. Well, we are confident that it would substantially increase trade activities, Congressman. I can get you the specific dollar amounts.

[The information referred to is located on p. 64.]

Mr. COSTA. I think that would be helpful.

Secretary VILSACK. But there is no question—that is why we are engaged in these conversations, because we realize that there is terrific opportunity for—

Mr. COSTA. And your efforts with the most difficult non-trade barriers, non-tariff barriers, which are the phytosanitary standards, obviously would be appreciated as well.

Secretary VILSACK. Well, I can tell you that we have eliminated or knocked down roughly 1,500 of those barriers since I have been Secretary. The challenge with both of those negotiations, on the TTIP negotiation, it is all about Europe's willingness to understand the importance of biotechnology, and Europe's willingness to understand that some of these geographic indicators that they are so insistent on have become so generic that it really is unfair.

Mr. COSTA. Like Parmesan and Burgundy.

Secretary VILSACK. Right. And it is a challenge, especially for the dairy industry, and it is one that we need to be talking more about, so that folks understand what is at stake. On Trans-Pacific Partnership (TPP), it is all about market access, and the ability of the Japanese and Canadians to be more realistic about what kind of market access they are willing to provide.

Mr. COSTA. Yes. I want to switch over here, because I don't have a lot of time. We also appreciate your visit to California. You mentioned the drought problems facing the West, and particularly California, and many of us represent the part of the San Joaquin Valley which is ground zero for the drought impacts that we are facing. You and the President's visit was appreciated, but I am concerned about the follow through.

Mr. Chairman, I would like to read for the record, and submit it, a letter that Bishop Ochoa provided for many of us, and I will read excerpts of it. "Dear President Obama, the lack of water is impacting everyone, farmers, ranchers, dairymen, their employees, faith communities, and the businesses that serve them. The situation is quickly deteriorating into a humanitarian crisis. Businesses are shutting their doors, and others are laying off employees. Access for children, families, to clean, drinkable water is uncertain. Lines at food banks and human service agencies have doubled due to this issue, and, in fact, our Catholic Charities services went from 87,000 units in 2012 to 137,000 units in 2013, and we believe this year the number will double. We are reminded, at this time of drought, our dependence on the Creator, but our human dignity relies on access to water." I will submit the rest of that, with unanimous consent.

The CHAIRMAN. Unanimous consent.

[The information referred to is located on p. 61.]

Mr. COSTA. What can a rancher do in my district, Mr. Secretary? I know you only have a partial responsibility to save his 1,000 head herd, as he doesn't have feed available now. The livestock disaster programs are set to begin enrollments on April 15, but what about today? Where are we? There was a commitment to provide additional financial support. I am terribly worried about this.

Secretary VILSACK. Well, that producer has access to additional EQIP money that can be used for improvements to grazing, or crop land, or water utilization. That producer can also, if he is an organic producer, as a variance to the organic grazing requirements, that producer could take advantage of the conservation innovation grants that we are making available to create new and creative ways to deal and cope with less water.

Mr. COSTA. Okay, why don't we follow up on that? I appreciate that, Mr. Secretary. How about the food banks that are going to face increased—

Secretary VILSACK. I am sorry—

Mr. COSTA.—demands?

Secretary VILSACK.—how about what?

Mr. COSTA. Food banks.

Secretary VILSACK. Well, the food banks received an additional \$60 million of assistance, the President announced, and that resource has been available, and it will continue to be available.

Mr. COSTA. I have a list of other questions, but time doesn't allow me. I will submit them for the record, Mr. Secretary, you can get back to me. Quickly, on two other areas, why would the Administration be proposing dramatic cuts in self-help housing, the 502 direct mortgage programs that have been proven to work, at a small cost to the government?

Secretary VILSACK. If you understand the budget of USDA, 50 percent of our budget is in four areas. It is in fire suppression, it is in—

Mr. COSTA. Which we need.

Secretary VILSACK. It is in rental assistance, and it is in food safety. When sequester is established, when additional cuts are put on top of sequester, as has been the case for USDA, that 50 percent has actually seen increases, it means the other 50 percent get impacted, and so something has to give. And our challenge is, obviously, to make sure that we continue to provide a link to direct housing loans, to guaranteed loans, which we are attempting to do in record amounts.

About 800,000 folks have had home ownership since I have been Secretary because of the work of USDA, but you have a situation here where part of the budget continually gets increased, and the other part has to bear its burden, and the other 50 percent's burden of cuts.

Mr. COSTA. Thank you, Mr. Secretary. Thank you, Mr. Chairman, and I will submit the rest of my questions to be responded to in a timely manner.

The CHAIRMAN. The gentleman's time has expired. Mr. Secretary, would you remind the Committee, I believe you have an obligation later this morning that you have to leave, what your departure time will be, for our time purposes up here?

Secretary VILSACK. It is 12:15, Mr. Chairman.

The CHAIRMAN. It is 12:15. Thank you, Mr. Secretary, and I know my colleagues will work in an expedited fashion to give everyone an opportunity. With that, I recognize the gentleman from Ohio, Mr. Gibbs, for 5 minutes.

Mr. GIBBS. Thank you, Mr. Chairman. Thank you, Secretary, for coming in today. As you are aware, last week the U.S. Army Corps of Engineers and U.S. EPA put out a rule supposedly to clarify the "waters of the United States." And yesterday, in my committee, the Water Resources Subcommittee of T&I, we had Secretary Darcy. During the hearing I told her that, for a rule that is supposed to have been out for more clarification, it was more muddier.

And if you look back at the 2006 Supreme Court decision, the *Rapanos* decision, eponymous doctrine, that there are limits to the Federal role under the Clean Water Act, and they need to pull back, and she could not give any examples of where there would be some pullback. And I almost have to come to the conclusion that they currently view that they have all the authority they need now, and so that—I just want to make that message clear to you.

But I know in your shop, dealing with the NRCS, first question, currently, would you agree that, under normal farming practices, that agriculture is exempt from 404 permits under the Clean Water Act?

Secretary VILSACK. Yes.

Mr. GIBBS. Okay. So when they are talking about dredge and fill, and all practices, and they are exempt, so this would—in regard to Mr. Scott's questions, this would be—this rule would be an expansion of the Federal Government's role in the Clean Water Act, because it is currently, as you just agreed, that normal farming prac-

tices—agriculture is exempt. It doesn't matter if they are working with NRCS or not, correct?

Secretary VILSACK. Well, I just want to make sure that I am clear about this, Congressman. Normal farming activities, plowing, seeding, cultivating, drainage, harvesting for production, upland soil and water conservation practices, agricultural storm and water discharges, return flows from irrigated agriculture, the construction and maintenance of farm and stock ponds, maintenance of draining ditches, all of that is currently exempt.

Mr. GIBBS. That is correct. But with your—USDA's MOU that you are developing with the U.S. EPA, the way I read it is that they have to be under NRCS standards.

Secretary VILSACK. No, what—

Mr. GIBBS. Under the rule.

Secretary VILSACK. No. It is important for everyone to understand, the—normal agricultural activities are exempt, have been exempt, and continue to be exempt. In addition, they provide a clarity that groundwater, tile drains, regulations of ditches, artificial lakes and ponds, this proposed rule is not designed to touch those. But in an effort to be quite clear about this, because the uncertainty was, well, what if I am engaged in certain conservation practices, we began the process of identifying specific conservation practices so there would be no misunderstanding and no confusion.

If you are doing one of these 56 conservation practices, working with the NRCS, you don't have to worry about notifying anybody, you don't have to worry about getting a permit. The purpose of this is really to provide clarity and certainty for producers. It is not to provide—

Mr. GIBBS. So your belief is that the rule—nothing can come under section 404 permits for agriculture—for pollution permits for weed control activities, fertilizer application and all that would be currently exempt?

Secretary VILSACK. That—

Mr. GIBBS. There would be no—

Secretary VILSACK. If it is within normal farming activities, as I understand it, that is exempt.

Mr. GIBBS. Okay. Because, I mean, I have a lot of concerns, and I know the agricultural organizations out there, I spoke to them all, are really concerned about the definition, how they are doing this. Now, Secretary Darcy said yesterday that significant nexus, and case by case scenarios, and so the door is open for them to move forward, so we have to be really careful on the USDA's role, and your role, to make sure that normal farming practices, if not even—if they are not even partnering with NRCS, will still be exempt from all permits, other than CWA.

Secretary VILSACK. Right. And that is why we established this MOU, to have an ongoing continuing conversation between the three of us, the Corps of Engineers, USDA, and EPA, so as issues come up in the field, they can be addressed and dealt with. That list of conservation practices may be expanded, and we may be able to provide greater certainty for the EPA as well.

Mr. GIBBS. So if the producers out there that are working with NRCS, and doing conservation practices, would it be NRCS that

would do the inspection to make sure the practices are being followed, or the EPA?

Secretary VILSACK. Yes.

Mr. GIBBS. NRCS—

Secretary VILSACK. Yes.

Mr. GIBBS.—correct? Because that is a sticking point of concern, is that—

Secretary VILSACK. NRCS.

Mr. GIBBS. Because we want to make sure that we have good programs out in the countryside, especially Soil and Water Conservation Service, to work in agriculture, doing the right thing, and that is a good partnership. We want to make sure that partnership goes on. So, my time has expired, I yield back. Thank you.

The CHAIRMAN. The gentleman yields back the balance of his time. The chair now recognizes the gentleman from Minnesota, Mr. Walz, for 5 minutes.

Mr. WALZ. Thank you, Mr. Chairman, and, Mr. Secretary, I want to thank you and your staff for the work you have done. I also want to especially thank you for that visionary and strong shouldered support of American clean energy and the RFS. I associate myself with my colleague from the Deep South, Mr. King, on his support of the RFS, created great jobs out in Middle America. It has made us less dependent on foreign oil. It is visionary, we are moving forward, and after basically a decade, we have become so much more efficient, so don't change the goalposts now. Give our entrepreneurs the chance to succeed.

I am also very proud of what we did in the energy title of this piece of legislation. As the Ranking Member on that Subcommittee, we have \$881 million in mandatory funding, key programs like REAP, Bio-Finance Assistance Program, BCAP, and Bio-Preferred. My question to you, Mr. Secretary, is how are you going to quickly translate those funds into real projects that create jobs and energy on the ground out there?

Secretary VILSACK. We would anticipate the ability to expand section 9003 funding to chemical processing and manufacturing this year. We think that there—it may require a slight tweaking of our rules and regulations in order to expand it to polymers, and some of the other fabrics and fibers that you all were considering. But we expect and anticipate to be able to hit the ground running on this immediately.

Mr. WALZ. Great. Well, we are appreciative of it, and it is some exciting stuff happening out there. I also wanted to associate myself with Mr. Scott's comments that were very pointed, and I appreciate your response on that, this issue of beginning farmers and ranchers. Mr. Fortenberry, myself, the Chairman, and the Ranking Member put together a good package on that, but Mr. Scott's hitting on a real key issue of those barriers, of giving them the opportunity. It is not opportunity of outcomes. It is opportunity to get in the business, and then let them go. So, again, I stress, anything we can do to move those programs forward, and get our young folks on the land is critical.

And one other association Mr. Costa brought up, and, again, my friend from Iowa, and my colleague to the West, Mrs. Noem, and I, this issue of water is not isolated to California. And I have one

of our largest meat packing plants, in JBS Swift, in Worthington can't expand because we don't have water, and it is not because we don't have a plan. We have a project.

The states and the local communities have not only paid for it, they have paid ahead. Federal Government has been promising them, for the better part of the last decade and a half, that we would get our obligation done. We have not done it, so you have a half built water project on Lewis and Clark rural water that is holding back economic growth. I have citizens in 2014 in the United States catching rainwater in cisterns for drinking water, and the only reason it is not done, we are not more competitive, we are not creating more jobs, is because we are not fulfilling our promise. So I know this isn't directly your wheelhouse, but it is your folks, your producers, my friends and neighbors across the Midwest.

This is a smart project that, the longer we wait, just costs more. So anything you can do, Mr. Secretary, to add your voice. This is wrong, and, in all fairness, it has crossed several Administrations, who have been equally bad on it, and it is just not the right thing. So this water issue is critical. If you could add your voice, I would be grateful. And with that, I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman yields back. The chair now recognizes the gentleman from Colorado, Mr. Tipton, for 5 minutes.

Mr. TIPTON. Thank you, Mr. Chairman, and I appreciate my colleague, Mr. Walz, bringing up water, absolutely critical for the western United States. An issue, Mr. Secretary, that we have had an opportunity to be able to visit on before. Noting some of your comments when we are talking about some of the new EPA regulations coming forward being able to create certainty for our farm and ranch community, we have no certainty in the West for our farm and ranch community when it comes to being able to protect a private property right, be it for our ski areas, or for our farm and ranch communities as well.

As you are well aware, through your department, they put forward rules that were struck down by the court because the Department did not follow its own rules, but are still now continuing to pursue a rule. I would just be curious, how much of your resources are you going to be putting in to develop taking a 5th Amendment right in the West, when it comes to the private property rights of water?

Secretary VILSACK. Representative Tipton, you certainly are correct, in terms of the litigation, and we understood the court ruling, and we basically pulled that rule, and we started a different process, a more collaborative process. And the directive that we are working on now is not designed to take private property rights at all. It is simply designed to make sure that we continue to have adequate resources for the ski areas that are important, and are located in and around our National Forests.

Mr. TIPTON. I appreciate that comment, and—for the ski areas. This is a broader issue also for our farm and ranch community. We do have BLM grazing permits, water rights that have been developed there as well. That being said, we keep hearing about this vague rule that you are mentioning about to be able to create some

certainty. However, the Loon Mountain ski area in New Hampshire, are you familiar with that?

Secretary VILSACK. I am not familiar with the specific—

Mr. TIPTON. Okay.

Secretary VILSACK.—ski area, but—

Mr. TIPTON. Through your Department, as a conditional use permit, they are requiring them to a forced transfer of their water rights. This is after all of our discussion. So what kind of certainty are we really getting in the West, when we are told that a rule is being developed, and now we have the Loon Mountain Ski Resort in New Hampshire, and it is going to require them to sign over their water rights?

Secretary VILSACK. Well, again, I think that there has been a collaborative process. There have been hearings and public input on this directive, and I am fairly confident, based on the court ruling, and based on what our Forest Service folks understand, that this is not going to be about private water rights. It is going to be about just maintaining and making sure that we can continue to have the snow and the water that we need to make sure those businesses do well, and that the forests are properly maintained.

We have 166 million visitors that come to our National Forests every year. We obviously want to make sure that they have adequate—

Mr. TIPTON. Absolutely, and I know you are well aware. Chief Tidwell gave us testimony and comments that not once has water been sold off by a ski area, not once. So there is no need for a rule, but, again, I will remind you, you need to take a look at this Loon Mountain. This is contradicting what you are saying you are trying to do right now.

Let us move on to some of the Forest Service issues. Is it more expensive to fight a fire than to go in and treat an area?

Secretary VILSACK. Most of the time I would say that is probably accurate, yes.

Mr. TIPTON. Okay. As you are aware, the Forest Service right now, we have made an amendment to the farm bill, which was accepted under Section 8305, for the leasing of air tankers. Can you give us an update, now that the farm bill has been law for, what, 8 weeks, what kind of progress you have made for the leasing of those air tankers?

Secretary VILSACK. We have had some additional planes that have been accepted into our forests. We are working through an appeal process on one tanker issue, which we have to continue to work through. We obviously attempted to do this in a quick and speedy way. Concerns were raised about it. We are now in the process of deciding what the next steps are. We have, and will have, additional aircraft on site this year. We will have additional aircraft on site next year because of the transfer of Department of Defense and Coast Guard aircraft to the Forest Service.

Mr. TIPTON. Right. I appreciate that, and I would like to be able to touch on these climate hubs. How much are you going to spend on the climate hub in Colorado?

Secretary VILSACK. Well, that is already in the budget. It is not a question of additional—

Mr. TIPTON. I know. How much is that?

Secretary VILSACK. Well, I don't know how much it—

Mr. TIPTON. Okay. Just out of curiosity, we have something called NOAA. Is this a duplicative process?

Secretary VILSACK. No, not at all. This is really designed to identify—to work with producers and land owners in each region of the country to identify specifically what they are seeing on the ground to determine what challenges they are confronting, relative to production, and develop technologies and strategies, and disseminate best practice information to them so that they can adapt and mitigate to whatever climate challenges they are facing, whether it is drought—

Mr. TIPTON. None of that is done by NOAA?

Secretary VILSACK. No. Well, NOAA is about forecasting, and that obviously is part of it, but NOAA is not in the business of telling farmers that, if you plant cover crops, you are going to be able to retain additional water. Or if you plant a certain type of cover crop, or if you harvest at a certain time, or if you take certain steps relative to livestock, or you use certain forage. They are not in that business. We are in that business.

And so this is designed to basically make sure that we are analyzing and assessing the vulnerabilities of agriculture, as it relates to climate, and providing our producers with the very best and latest information on how best to mitigate it that is specific to their location, as opposed to some general concept.

Mr. TIPTON. This is something that we would like to be able to review with you a little bit more, because it is duplicative, and our farm and ranch community probably has a pretty good idea, in terms of cover crops, and being able to deal with it to begin with.

The CHAIRMAN. The gentleman's time has expired.

Mr. TIPTON. I yield back. Thank you.

The CHAIRMAN. The chair now recognizes the gentlelady from Ohio, Ms. Fudge, for 5 minutes.

Ms. FUDGE. Thank you very much, Mr. Chairman, and thank you, Mr. Secretary, for being here today. Mr. Secretary, the Healthy Food Financing Initiative in the farm bill seeks to provide a model solution for access to fresh food outlets. It builds upon successful initiatives at HHS and Treasury. I am excited to see this program developed at the national scale at USDA through the authorization of a national fund manager.

In Ohio, we have a very successful community development corporation called Burten, Bell, Carr Development that is leveraging an HFFI grant, along with partner contributors, to serve families in one of our poorest neighborhoods. BBC has developed a number of food access related projects, including Bridgeport Mobile Market, which allows residents of our East Side to purchase fresh, wholesome, and nutritious fruits and vegetables from a refrigerated truck. Many of these residents lack reliable transportation to grocery stores.

This project, like other HFFI projects, increases access to healthy, affordable foods for families who lack options. At the same time, it fosters economic development, and creates full time jobs. How is USDA planning to support the Healthy Food Financing Initiative, and how might it complement other programs aimed at providing low income families increased access to healthy food?

Secretary VILSACK. Congresswoman, we have asked, in the 2015 budget, for resources to be appropriated into the Healthy Food Financing Initiative. As you know, it is authorized, but not—there is no appropriated resource, so we have asked for funding. It complements value-added producer grants, farmers' market promotion grants, that business and industry set aside for local and regional food systems in a way that provides us opportunities and tools, depending upon the community and the circumstance, whether it is a mobile unit would be more appropriate, as is the case with ones we financed in Chicago, or would it be better for us to actually work on a full scale grocery store, as we are in some rural areas? So it provides flexibility. It provides also the ability to partner with the Treasury Department, and their new market tax credit system, and HHS, and their grant program.

Ms. FUDGE. Thank you. Several of my colleagues have mentioned over the last few weeks loopholes in the SNAP program that will diminish the effects of the cuts planned by the farm bill. Can you please compare for us the savings in the farm bill due to SNAP changes *versus* the proposed reforms and changes to the commodity program?

Secretary VILSACK. Well, these savings are all projections. It was projected to be \$8 billion in terms of the SNAP reforms, and if memory serves me correct, it was somewhere in the neighborhood of \$13, \$14 billion relative to the commodity programs. But the reality is all of those are projections. It may very well be that we save a lot less in commodity depending upon commodity prices. It may be that we save a lot less in SNAP because if our pilots are working and people are getting jobs, and they are getting better paying jobs, they don't need SNAP. So it is a little bit uncertain at this point. That is why they are called projections.

Bottom line, from my perspective, the most important thing we can do in SNAP is to make sure that these pilots that you all have authorized work, and to make sure that we do a better job of working with our states partners to have them do a better job of connecting the jobs they know they have in their economy with the people who are looking for work who are currently receiving SNAP. That is, in my view, the best way to reduce the SNAP rolls.

Ms. FUDGE. Thank you. In your testimony you mentioned that nearly 85 percent of persistent poverty counties are located in rural areas. While I don't represent a rural district, obviously, I understand the issues at hand because food insecurity and poverty are concerns for my constituents as well.

Rural communities face a number of challenges of which my district can identify, including low wage employment and under-employment, less access to services, such as affordable child care, and public transportation, and higher food costs. What can USDA do to address the issues of poverty and ease the burden of rural hunger in a more targeted fashion?

Secretary VILSACK. Well, a couple things. Number one, our Community Facility program is designed to provide and improve schools, hospitals, public facilities, libraries. We have funded over 6,200 projects. Those are also job creators. I think the most important thing to understand about the rural economy is that, because agriculture has become extraordinarily efficient and productive,

using fewer and fewer farmers than we did 10 years ago, 20 years ago, 40 years ago, what we did not do, and what we are now trying to do is to overlay a complimentary economy that will help create other opportunities for folks that are natural resource based. That is why local and regional food systems, which are job creators. It is why ecosystem markets and conservation is a job creator. It is why what you put in the farm bill for bio-processing, manufacturing, is a job creator.

So if we do a good job of implementing those provisions, we should see increased job opportunities, and better paying job opportunities, and the capacity to encourage young people that they don't necessarily have to leave. They can stay in the town that they lived in, or a town similar to what they lived in.

Ms. FUDGE. Thank you very much. I yield back.

The CHAIRMAN. The gentlelady yields back. The chair recognizes the gentleman from Arkansas, Mr. Crawford, for 5 minutes.

Mr. CRAWFORD. Thank you, Mr. Chairman. Mr. Secretary, thank you for being here. Just one quick question about the catfish program. The 2008 Farm Bill contained a requirement for USDA to provide mandatory inspection for catfish processing, and it has yet to be implemented. There was some clarification of that in the 2014 bill, I understand that—expecting that to be finalized by December. Since the complaint that the definition of a *catfish* in the 2008 bill was too broad, that was all pretty well addressed in the 2014 bill, so I am just wondering why it would take so long, why it would be December before that is finalized and implemented?

Secretary VILSACK. Well, the first step in the process is to make sure that we have a good relationship and understanding about the responsibilities of Food and Drug Administration (FDA) and USDA. We are completing that MOU that is required. We craft the rule, and now that the broader definition has been confirmed by Congress, which was very, very important, because there are varieties and species of catfish that may not have been included but for that language, it allows us now to finalize and put this thing in a process where people can then comment on what we ultimately come up with. It is really the administrative rules process that requires time and requires input, notice, response to what we have. I anticipate that we will get this done before December. How soon before December depends on how many comments we get, but we are working through the process.

Mr. CRAWFORD. Okay.

Secretary VILSACK. It is going to get done.

Mr. CRAWFORD. Thank you. We have talked a little bit about trade. As you know, the U.S.-Korea Free Trade Agreement entirely excluded rice, and I am worried that that is—potentially could set a bad precedent for TPP and TTIP. How is the Department working with USTR to make sure that we are providing additional access to rice—additional market access to rice, and can you assure the Committee that you will continue to press that issue?

Secretary VILSACK. We are pressing market access very, very hard in our discussions in TPP. It is right now focused primarily on Japan and Canada, and specific protections that they have in their rules. We have the most open market of any country in the world. What we want is a high standard agreement, but we also

want a fair agreement. So we are continuing to press this, and we have to see increased market access, or there may not be a deal, or Japan may not be part of a deal.

Mr. CRAWFORD. Thank you. I obviously have concerns about rice, but—one of those issues that continues to pop for the rice industry, but also peanuts. I know that there are some trade barriers to accessing China for U.S. peanut producers, peanut butter as well. Can you speak to that?

Secretary VILSACK. Well, we continue to work with our Chinese friends on a variety of issues in agriculture. We have a very aggressive presence over there, multiple offices. I mentioned earlier the China-American ag business forum that is creating opportunities for us to have additional conversations through informal channels. We have an ag symposium that we have with the Chinese. We had the first one in Des Moines 2 years ago. One is scheduled this year in China. That is an opportunity for us to talk specifically about issues, minister to minister. And I am sure that all of the issues that have been raised, and will be raised on China, will be raised at that symposium, so there is ongoing conversation.

They are our number one customer for a wide variety of agricultural products, and they are one of the principal reasons, obviously, why we have seen record exports. So it is a delicate balance between making sure that markets continue to be open, but also preserving the opportunities that we currently have.

Mr. CRAWFORD. Thank you. And, finally, H.R. 933, Continuing Appropriations Act of 2013, was signed over a year ago. Had some language in it, Section 742, that required USDA to rescind sections of the original GIPSA rule, having to do with the suspension of delivery of birds, and with making the rule applicable to live poultry. The Department was required to rescind those within 60 days, and it is my understanding that hasn't occurred yet. Can you give me an idea when that is going to be completed?

Secretary VILSACK. I will have to get back to you on that, Congressman. I don't know.

[The information referred to is located on p. 65.]

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

The CHAIRMAN. The gentleman yields back. The chair recognizes the gentleman from Massachusetts, Mr. McGovern, for 5 minutes.

Mr. MCGOVERN. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for testifying here today. And as you stated, the state of the rural economy for many is still very, very difficult, and there is significant hunger in rural America. And, in fact, according to USDA data, households in rural areas are more likely to be food insecure or hungry than in urban or suburban areas.

And one of the things that really bothered me about the way we considered the farm bill in this Congress was that the voices of those who are most desperate, who are most vulnerable, the voices of the poor, weren't heard adequately. In fact, I don't believe they were heard at all during the consideration of the farm bill. The gentleman from Texas, Mr. Conaway, raised concerns about state waivers. And, correct me if I am wrong, states don't have to take waivers. States request waivers from the Administration, am I right on that?

Secretary VILSACK. That is correct.

Mr. MCGOVERN. And that is because these governors, Democrats and Republicans, understand that there are still people struggling in their states. And I should also point out that a majority of those who are able to work who are on SNAP, work. And the sad reality is that they are working at wages that are so low that they still qualify for this benefit. We should get serious about increasing the minimum wage so that work in this country actually pays. I think if you work for a living, you ought not to be stuck in poverty.

But what really concerns me is what I see is this kind of chipping away at the SNAP benefit. In November we saw an \$11 billion cut to SNAP as a result of the recovery monies not being renewed. That resulted in an average decrease of \$30 per month for a family of three on SNAP dollars. And before that even went into effect, talking to food banks, and food pantries, and churches, and synagogues, or mosques all over the country, what has been made clear to me is that the benefit even before that cut wasn't adequate to last a family for an entire month, so people were going to these charities, and going to these food banks.

And then we had the farm bill, which added, in my opinion, to the misery of some of these people with the cuts in the so-called Heat and Eat Program. And that supposedly resulted in a savings of \$8.5 billion from SNAP. I guess maybe we should be thankful that those cuts only targeted a small percentage of poor families. But tell that to a family of three that is going to see another \$90 cut from their SNAP benefit each month. That means in the Heat and Eat States a family of three could see an average of \$120 per month cut in their SNAP benefit, which is just unconscionable.

Now, thankfully, and I want to publicly thank the governors, and praise these governors who have taken action for preventing these cuts from taking effect. These are Democrats and Republican governors, and this is something that it was clear in the bill that states had to come up with at least \$20 worth of money in order to help increase the SNAP benefit for some of these poor families. The states have done that. And, Mr. Chairman, because there has been a lot of complaining by some Members of your party about this move, including the Speaker of the House, who called it fraud, and abuse of the program, this is very much consistent with the law. And, in fact, it actually doesn't impact the so-called savings.

And I want to put in the record the majority Committee staff memo that says the press reports assume that the change of behavior of these states eliminates the savings estimated from the reforms included in Section 4006. This is false, and fails to recognize CBO considerations included in the savings estimate. So it doesn't impact the savings, but I want to praise these governors for not turning their backs on the most desperate people in their communities.

[The information referred to is located on p. 61.]

Mr. MCGOVERN. Which kind of brings me to my question, and that is, Congressman Ryan submitted his budget, which includes about \$120+ billion in SNAP cuts. I think that is immoral, quite frankly, what that budget does to this program. I would be interested in your response to Congressman Ryan's proposed cuts in this program, and how it would affect people not only in rural America, but all across America.

Secretary VILSACK. Well, it is safe to say, Congressman, that a cut of that magnitude would be devastating to the families that would be impacted. But it is also safe to say that an increase in the minimum wage would potentially move people out of the need for SNAP, or out of the need for as much SNAP as they are currently getting. I think there is some indication that it could save billions of dollars. But I am going to deal with the world that I live in, and the world that I have today, which is really focusing on trying to find more job opportunities for those folks who are genuinely interested in working.

You mentioned the fact that more folks in SNAP are working, and that is absolutely correct: 42 percent of households receiving SNAP actually have somebody working. I would also point out that nearly double the number of families have either no gross income, or no net income. We have seen a dramatic increase in the number of families that have no income at all that are receiving SNAP. So these people obviously need help, and the concern I would have is that the Ryan Budget would do great harm to those families.

The CHAIRMAN. The gentleman's time has expired. I would yield myself 10 seconds, at the toleration of my colleagues, simply to note that the actions of the governors, and the public discussion, no doubt mean that this issue will not go away, and whether it is in appropriations this year or next year, or perhaps in 2017, I have a feeling we will revisit my friend from Massachusetts's and myself's favorite subject several more times. With that, the gentleman's time has expired, and I turn to the gentleman from Tennessee, Mr. DesJarlais, and recognize him for 5 minutes.

Mr. DESJARLAIS. Thank you, Mr. Chairman. Thank you, Secretary, for being here today. As you know, on the way in I mentioned that I was going to talk to you about a subject that I think you are aware of regarding the black vulture problem that is plaguing the Southeast. I had received a letter from Representative Mike Sparks from Rutherford County just a couple of days ago. He was getting many calls from his constituents that the vultures were attacking livestock there. I have a letter from the Tennessee Cattlemen's Association, Charles Hord, who was addressing this issue, as well as many other constituents from around my district, and around Tennessee, that have had a problem with this. As you said, you are aware of it. Let me give you a few details, and then maybe what I would like to ask of you in response.

The black vultures continue to be an issue with the cattle and sheep producers in Tennessee, as well as many other states, and they actually will attack newborn animals by poking out their eyes and then consuming them. They also will attack the backside of cows, causing damage, and sometimes death of these. In Tennessee last year it was estimated about a \$4 million loss, and other states, such as Kentucky, Alabama, Georgia, Mississippi, Florida, Louisiana, South Carolina, North Carolina all had similar such problems. And right now, to combat this problem, they are required to go through the U.S. Department of Agriculture, Wildlife Services to get permits for this problem.

The permits cost \$100, they take about 2 to 4 weeks to get, and they expire on March 31 of the next year, so oftentimes the calving season is over before they are able to get a permit, which allow

them to kill up to 10 to 15 of these birds, who are protected under the Migratory Bird Act. And they have tried fireworks, shooting in the air. They are a pretty adaptable bird. It scares them away temporarily, but they come back. So what I guess we are asking would be your help in finding a better permitting process.

The Tennessee Cattlemen Association would like to recommend that the U.S. Fish and Wildlife Service begin an online permit process that would permit—so that the permit would be good for a 3 year period, and that would save producers both time and money of applying for the permit each year, and help with the issue of producers having to wait before they can take action against the black vultures. And the Cattlemen's Association also recommends the Department of Interior begin studying why there has been such an increase in black vulture attacks, and consider issuing a Depredation Order that would allow for the reduction of black vulture populations, similar to those issued for blackbirds and Canadian geese.

And also there is a suggestion, why should there be a \$100 fee for this application? Is there anything that you could do to help in this issue, or would you be willing to work with us if we reached out?

Secretary VILSACK. Congressman, I will be happy to convey the concerns that you have expressed about the Interior Department's Fish and Wildlife Service operation of the permitting. The online suggestion is a good one, and that is something I will certainly convey to Secretary Jewell. I will say that our Wildlife Services portion of Animal and Plant Health Inspection Services (APHIS) is working with producers to try to give them tips on ways to address this predator issue, providing technical assistance to help them control the problem, as well as assisting them in the filling out of and accessing these permits. We will obviously continue to do that, but we will certainly convey the concerns that you expressed here today.

Mr. DESJARLAIS. All right. I appreciate your time. Thanks for listening. I yield back.

The CHAIRMAN. The gentleman yields back his time. The chair turns to the gentlelady from Washington State for her 5 minutes.

Ms. DELBENE. Thank you, Mr. Chairman, and thank you, Mr. Secretary for being here, and all the work from you and your staff implementing the farm bill as quickly as possible. We really appreciate it. I also wanted to take a moment to recognize the efforts of Forest Service employees in Darrington, Washington. As you may know, a massive landslide took place in my district, near Oso, Washington, wiping out an entire neighborhood with very heart-breaking and devastating results. As of this morning, at least 30 people are confirmed dead, and 15 are still missing.

And immediately after the tragedy, Forest Service employees in the area devoted their time and resources as volunteers. They did so without pay, and by taking annual leave, and have done everything they can to help. And having spent much of the last week in the area myself, their efforts, and the efforts of all first responders has been truly inspiring, and they should be commended for their work.

Secretary VILSACK. Thank you.

Ms. DELBENE. We talked a little bit earlier about Farm Service Agency offices, and I know you proposed closing 250, and you said that none would be closed here in 2014. I wondered if you could give us a timeline for when you will make the decision, going forward? We have three offices in my district. They are incredibly important to our counties, which has growing agricultural communities, and wanted to know when you might be releasing a proposal.

Secretary VILSACK. We are going to—we learned a good lesson from the last effort at reducing these offices, that we really did need to do a better job of focusing on where the work is actually being done, and making sure that we have adequate staff members, commensurate with the workload. So we are in the process now of doing an evaluation where work is actually being performed, so that we can essentially rearrange, if you will, staffing, and then making sure that offices are adequately staffed to provide the help and assistance that folks need.

That process, we anticipate, is going to take a good part of 2014, calendar year 2014. So I don't anticipate making decisions relative to any potential closures until that is completed, and until we have a chance to also look at how it relates to the Congressional directive, *vis-à-vis* 20 mile limits. You all basically designated that we need to consider how close another office is, and so forth, and there is a process by which we provide notification to Congress, and have a series of hearings in any county that is impacted by this.

I think it is absolutely essential to reiterate the fact that our salaries and expense line item for the FSA has been reduced to the point where we have 20 percent fewer full-time equivalents (FTEs), or full time employees, than we did just several years ago. You cannot absorb all of that reduction without having some impact on the staffing. And we think it is important to note that there are offices today that literally do not have a single person in them, that they are a location, but they are not staffed. And there are those that are within a few miles of another office that have a number of employees where there is only one employee.

So when you take that, when you take into consideration the technology changes that are taking place that is going to change the way in which people react and interact with FSA offices, we think the time is right for us to ask the question, if we were going to produce this system today, would we produce it in exactly the same way that it is today? And the answer is, no, we wouldn't. We would make some changes, we would modernize it.

But I want to emphasize it is not about saving money. It is about taking those resources that would be saved and reinvesting them in modernizing these offices, the remaining offices, and making sure that their responsibilities not only are focused on their programs, but having at least a cross-train opportunity on other programs. So we think this is an improvement. And there may be fewer offices, but we think they will be much, much better offices.

Ms. DELBENE. Thank you. We look forward to seeing your proposal. You also mentioned the SNAP Employment and Training Program. That was based on a very successful program we have had in Washington State. I introduced legislation based on that program that has led to the program that is in the farm bill, some-

thing I am proud of, and is going to be very, very important going forward. Is the timeline on creation of these pilots on target to meet the 180 day window on developing the processes for a state to apply for these pilots?

Secretary VILSACK. It is. Under Secretary Concannon has actually traveled to a number of states that have had success, I believe he has also been in your state, so it is on track. We have also had conversations with sister agencies, Department of Labor, Veterans' Affairs. Seven percent of folks on SNAP are veterans, so we are deeply concerned about that. And so there has been a series of conversations that are taking place. I am confident we are going to be on track to get this thing to a point where we will see some pilots in place, certainly at the beginning of next fiscal year. The way the money is allocated, it is \$10 million this year, and the balance in 2015. I think the expectation is that most of the actual work will be done in Fiscal Year 2015, but we are on target.

Ms. DELBENE. Thank you, and I look forward to information as that rolls out too. Thank you for your time again, and I yield back.

The CHAIRMAN. The gentlelady's time has expired. The chair now recognizes the gentleman from New York, Mr. Gibson, for 5 minutes.

Mr. GIBSON. Thanks, Mr. Chairman, and I want to begin by thanking you and the Ranking Member, really, for your leadership throughout the process of the farm bill. I mean, certainly a challenging environment, and the way that you guys worked together was exemplary, and something the whole Congress can gain inspiration by. And I also want to thank the staff, the entire staff, for all the work that they did in the long couple of years that was the farm bill process.

Secretary, thanks for being here today. I am encouraged by your testimony. I appreciate your remarks with regard to many things, but with regard to the beginning farmer program. I do think it is going to make a difference, and it is going to help in my area. It is going to help facilitate a trend that we are already noticing in the marketplace, which is an uptick in the number of young folks hearing the calling of farming. The program is going to be complementary and helpful. I also noted, with interest, your points on exports being up. I think that is also good for us, conservation programs.

What I would like to do is—I have several areas I would like to have you respond to. We will see how far we go, in terms of the timing here, but number one has to do with an initiative that myself, Mr. Courtney, Mr. Welch, Mr. Schrader, and other brought forward for the bill, had to do with the school lunch program, and a pilot that, monies for schools that, instead of going towards canned goods, commodities, that they could be used for community supported agriculture, CSAs. I think this will be not only helpful in terms of nutrition, but also could be beneficial, in terms of inspiring a new generation to come to the farm. I was wondering where we are, in terms of thinking through implementation of that. And certainly my staff looks forward to working with your team on that score.

Secretary VILSACK. We have had some involvement with that in a couple of states, and we are excited about that opportunity as

well. And one of the things that we are attempting to do is utilize our Farm to School program to make sure the word gets out about those opportunities, as well as just generally the opportunity to buy local, and to provide assistance and help to local producers. We currently have 71 projects in 42 states under the Farm to School program as well, impacting hundreds of schools. So we think this is an opportunity, and you will see progress on this for the next school year.

Mr. GIBSON. Well, thanks. And we are going to want to be competitive. We will work with your team on that. And I am glad you mentioned the next school year, because that is the sort of the horizon that we are working with too, hoping to finalize some of the applications by the summer so that, with the coming school year, that we could be involved in the program.

And the second area has to do with broadband. Thanks for your work, and for your team's work on this, and it is very important to rural areas. And I was interested in an update, in terms of efficacy in the program, and service for unserved areas.

Secretary VILSACK. Well, we have 225 projects that were a result of the Recovery Act funding. Over 58,000 miles of fiber have been laid. Over 1,100 wireless points have been established, and that is providing help and assistance to 140,000 new subscribers, which includes almost 6,000 businesses, and close to 700 anchor institutions, like universities and school, National Guard armories, and things of that nature. Many of these projects are still in the process of being completed, so those numbers will increase. In addition, there have been roughly 400 distance learning and telemedicine activities and grants that we have put forward.

And we are working with the Federal Communications Commission (FCC) because, at the end of the day, the real issue here is not so much what we can do, as, we obviously have an important role, but the private sector is the one that obviously has to carry the ball, and so that is why we have asked them to take a look at their most recent ruling relative to the Universal Service Fee. Maybe create a little more flexibility in terms of waivers, a little more understanding about the challenges of implementing these changes, and so repaying loans that have been taken out in the past, based on the old system, to expand service. And maybe look at that Connect America Fund, in creating a little bit more of an incentive for others to participate.

Mr. GIBSON. And I agree with all on that score. Last point, and you may have to respond for the record, let us see how the time goes, has to do with a public health scourge that we have in the Northeast, and, actually, it is reaching across the country, tick-borne diseases, in particular Lyme Disease. And in the farm bill we put some emphasis for research, given changing weather patterns, impact in terms of tick-borne diseases. We have some experts in the Hudson River Valley who had been competitive, in the past, and we reach out to you, and just look forward to working with you. We think this is another avenue of attack that we can make on this important public health issue.

Secretary VILSACK. Congressman, I want to make sure the announcement we are making today relative to the disbursement of roughly \$48 million, which is really focused on better pest and dis-

ease management, whether that impacted the specific issue you raised. I am told it doesn't, but we, obviously, are very sensitive to these issues, and we will be happy to work with you.

The CHAIRMAN. The gentleman's time has expired. The chair would like to note to my colleagues that, based on the Secretary's hard leave time of 12:15, I have enough time for 14 more Members to ask questions. I have 22 Members, therefore, any Member has the right to object, but I am going to ask by unanimous consent that we agree to continue questioning for 4 minutes at a time. Is there any objection to going to 4 minute questioning period for the remainder of the witness's testimony? Any objection?

Seeing none, the gentlelady from California is recognized for 4 minutes.

Mrs. NEGRETE MCLEOD. Thank you, Mr. Chairman. Thank you, Mr. Secretary, for being here. This is a California-specific question. There have been several of us from the California delegation who have been hearing from the grocery stores in our districts, specifically on the California WIC moratorium for new vendor licenses. Is it on track? Is it subject to change? What are the factors involved one way or the other? Is the timeline published for the public to see?

Secretary VILSACK. We are working on trying to address this issue, Congresswoman. It is a very serious issue in California, and we are working with the California folks to get it resolved. I think we are close. I am not sure we are totally there yet, but we are very close to making sure that we have the controls in place so that the WIC program is not abused as it was being abused by a number of stores.

Mrs. NEGRETE MCLEOD. And we understand that, however, is it possible to provide some level of certainty, at least what time the publishing date as the start date for the review of the applications through a vendor alert? And, given the timeline, would you consider adding additional exemption criteria to it?

Secretary VILSACK. Well, the best thing for me to do is make sure that our folks from Food and Nutrition Service get in touch with you to give you a more detailed briefing. I just know that we are on track. We are working with the state, and we are hopeful in getting this resolved quickly. Honestly, I am not quite sure about all the details that you are asking for. So, with your permission, perhaps we can get someone to visit with you and your staff precisely about what the circumstances are.

Mrs. NEGRETE MCLEOD. Okay. As you know, whenever there are bad actors, not only do the bad actors get punished, but then everybody else that is in the system—

Secretary VILSACK. Right.

Mrs. NEGRETE MCLEOD.—also gets punished.

Secretary VILSACK. Right, but this was a horrendous thing that was taking place, so—

Mrs. NEGRETE MCLEOD. We understand. Okay. Your Department would contact me, and that way we can move on, and see where we are with this issue? Thank you so much.

The CHAIRMAN. The gentlelady is wonderful, and yields back the balance of her time. The chair recognizes the gentleman from Tennessee, Mr. Fincher, for 4 minutes.

Mr. FINCHER. Thank you, Mr. Chairman, and Secretary, for being here today. Let me just take just a few minutes to say how much I appreciate the Chairman and the Ranking Member working on the farm bill for month, after month, after month to get this finished and completed for the country.

Over the last, I guess, probably 4, 5, 6 weeks, we have done a variety of farm bill meetings. My district is the western part of Tennessee, so I border Kentucky, Mississippi, and Missouri, and we did probably 15 farm bill meetings in my state, and the surrounding states. Probably 2,000 to 3,000 attended all of these meetings. My background is I am a farmer.

But something that we were running into, Mr. Secretary, is I guess our FSA offices are very concerned because they have been cut, they are understaffed. RMA is concerned about getting all of this information out there to them in a timely fashion. Do you see, or do you think we may get into a position in the summer of extending our certification deadlines later in the year because FSA will not be ready? Can you give me your thoughts on that?

Secretary VILSACK. I don't anticipate that that is going to be the case as of today, Congressman. I mean, we are hiring additional staff with the money that has been provided on a temporary basis, and we are working very quickly to get the educational materials and the web-based materials prepared and disseminated. So I don't anticipate and expect that we are going to have an inability to get people educated and put in a position that they can make appropriate elections later in the year.

Mr. FINCHER. Okay. Something else too, in a variety of counties in our area, I did one meeting down in Mississippi, and this is the Delta, I mean, big row crop farm land, commodity farm land, and a lot of these counties do not have directors in the counties. And these are areas where there is a lot of work to be done by FSA. And I told one of the directors I talked to that I would pass along just how important it is allowing us to move our stuff to control counties, and letting us put everything in one county, maybe the county that we live in, even though we may farm in several different counties. Will help, definitely, but these directors are just very concerned. They know the extra money is there, but concerned that they will be able to handle the burden of all of this, but it was a lot of information. I know it is a new program, but I said I would pass that along.

And just moving along, to not eat up as much time as I can, we work with NRCS very often, and I was with some of my local guys over the past 2 or 3 weeks, laying some structures out on some of our land, and it seems that morale is down in our NRCS offices. And these are guys that had been there for years and years, who I am friends with, who take pride in their work, pride in what they do for not only the agency, but for the farmers. And I am just passing this along, Mr. Secretary. I know you are at the top, but they just said that, look, it is like they don't care. It is like the Administration doesn't care, we are just a number, it is not important anymore, the job that we do, and what we are trying to do.

And I said, well, look, we do care. It is a big process, all of the changes, and all of the different things that have happened over the past 15 or 20 years. It is a very different time. But they just

seem to be very frustrated. And these are guys on the ground, guys that we deal with on a day to day basis. So I am passing that along.

And the last thing, to Mr. Scott's statement a few minutes ago about young farmers, and trying to get young farmers into the business, I have two sons. They love farming. One is at Mississippi State now, getting an Ag Business Degree. We have a deeper problem in the country, and I think we see it in Congress, when we have to spend 3 years trying to pass a farm bill that should be bipartisan.

It was bipartisan, but we must make sure that we continue to look at the issues that face our country. And there are many of us up here, myself, including other Members on this Committee, that came here to do things, not just make political statements. And our problem is deeper than just trying to get young farmers in. We need, as a body in this city, to do what we can for the farmer all over the country.

So, with that, Mr. Secretary, I appreciate it, and I yield back, Mr. Chairman.

Secretary VILSACK. Mr. Chairman, may I just have 10 seconds? Congressman, on the morale issue, that is obviously something we take very seriously, and, in fact, we have instituted a process of focusing on the viewpoint survey that is done for all USDA employees. And we have created a process by which we are working with our various levels of leadership to do a better job of reaching out to people and communicating with people. We are having listening sessions across the country, including at NRCS, so it is something we take very, very seriously.

I will tell you that it has been a difficult time to be a Federal employee, because oftentimes they are criticized publicly in sort of a broad brush approach, which is unfair. We went through a sequester, we went through a shutdown, budgets have been cut. It is not an easy time. However, there is just extraordinary work being done, and we have expressed, and I have expressed on numerous occasions, my admiration for the folks at NRCS as extraordinary problem solvers.

Mr. FINCHER. I agree also. Thank you.

The CHAIRMAN. The gentleman's time has expired. The chair now recognize the gentleman from Connecticut, Mr. Courtney, for 4 minutes.

Mr. COURTNEY. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for being here. I want to note your opening comments, your reference to the need for immigration reform in rural America. As far as I am concerned, that is the elephant in the room. Any event that I go to with the producers, we had the New England Dairy Council in my district a couple weeks ago, come ready to talk about the farm bill. Obviously a historic year, in terms of dairy risk insurance. The conversation pivoted to immigration reform within minutes. They demanded to know when we are going to move forward in this Congress, in terms of getting it done.

I want you to know that, for the folks in that room, the fact that USDA is going to run the H-2A program and the Blue Card program by itself, even without referencing the details of the wait times and record checks, and such, just the fact that USDA is going

to be the vehicle for running the—that alone sold the entire room. The trust factor that people have for USDA, despite all the challenges, which my colleague mentioned a moment ago, that is what people are really yearning for, and we have to get this done. CBO has told us it will cut the deficit, it will grow the economy, but particularly in rural America, it is going to unlock the obstacles for having a viable workforce.

I wanted to also raise another issue from Connecticut, which, this past year, the Connecticut Legislature passed, by a margin of 134 to 3 and 34 to 1, a GMO labeling bill. I know you have been in the middle of that debate for some time. I am not here to ask about your own thoughts or position on it. I am the eternal optimist. I think transparency is inevitable. That is my own opinion. There are probably more tweets that have already gone out just in this room in the last 2 hours. We live in a world of transparency.

What I think is needed, and your department has, I believe, begun this process with the AC-21 process, is a need to get a higher level of understanding and engagement of agricultural biology and research. At some point, the whole issue will find an equilibrium, in terms of public acceptance, or public rejection, or public choice regarding this issue.

Could you talk about whether or not the Department is going to sort of continue a process, being an arbiter for information, as this debate is inevitably going to continue?

Secretary VILSACK. We are. I would say that one of the great opportunities that America has is to embrace diversity. And by diversity I mean diversity in its largest context, diversity of size of operations, diversity of production methods, diversity of operators. This is the future of agriculture, and it is a hopeful future.

There is, obviously, a stress in agriculture, in terms of this conflict between production systems. Honestly, it is unfortunate, because agriculture needs to do a better job of communicating to the broader audience of Americans the benefits that we get from agriculture, the extraordinary affordability and accessibility of food, the freedom it gives the rest of us to be able to pursue other calls of life because we have delegated the responsibility of feeding our families to someone else, and they are doing an amazing job.

We are very committed to this. We are implementing the recommendations of the AC-21 committee. We are engaging the FDA in conversations about this issue of labeling. The concern, obviously, is if you label that you are sending, potentially, a message of lack of safety about these products, unsafe products. That is not the case, in my view. It is not the case of the 600 some science reviews I have seen on this issue. GMO is not a safety issue. There is room for everyone, and I think we have to have a more collaborative conversation than a conflicting conversation.

The CHAIRMAN. The gentleman's time has expired. The chair now turns to the gentleman from North Carolina, Mr. Hudson, for 4 minutes.

Mr. HUDSON. Thank you, Mr. Chairman, Mr. Secretary. First I would like to echo the comments of my colleagues to thank you and your staff for your hard work implementing the farm bill. I know it is a huge undertaking, but I appreciate that very much, and

thank you for being here with us today so we can talk about some important issues.

I would also like to acknowledge a special guest I have here with me today, Linda Andrews, from the North Carolina Farm Bureau. Linda and her boss, Larry Wooten, are valuable assets to our farmers in North Carolina, work very closely with my office, and appreciate her being here today.

My question to you, Mr. Secretary, is regarding the Uwharrie Forest, which as you, I am sure, are aware is located primarily in Montgomery County, but also extends into Randolph and Davidson Counties in North Carolina, in my district. I understand from our folks on the ground that the forest roads had sustained a lot of very serious damage due to heavy rains and flooding over the last few months. In some cases these roads are completely impassable to our residents, tourists, and first responders. Needless to say, this is a very serious concern of mine, and I want to find a resolution as quickly as possible.

I know that quick fixes in Washington sometimes can seem like an oxymoron, but I believe we can find ways to prioritize spending within the Forest Service to accomplish these type of tasks. We simply must fix these roads, Mr. Secretary. It is more than a headache for our residents. It is really a safety issue of having access.

Mr. Secretary, can you explain to me briefly how the funding stream works through the forest regions when it comes to road projects like this that may be of an emergency nature?

Secretary VILSACK. Well, we trust the folks on the ground to make decisions about prioritization of resources. I can tell you, with reference to this particular forest, that gravel is going to be applied soon to the roads that you mentioned, and many of the areas. Public safety is obviously a primary concern. Access for the public, and for our Forest Service personnel to maintain the forests is obviously a priority, and that there will likely be grading that is going to be done on those roads at some point in time later in the spring. So there will be an addressing of that specific issue.

But, Congressman, honestly, the big challenge for us is that in the past 13 percent of the Forest Service budget went to fire suppression. Today it is 40 percent. And the reality is, unless we have a different way of funding forest fires as we do tornadoes, floods, hurricanes, and other natural disasters, we are going to continue to have uncertainty in all other aspects of the maintenance, restoration, and resiliency budgets of the Forest Service.

That is why we have proposed a different way of funding fires that would give us greater certainty in those key restoration, maintenance budgets, so that we can continue to do a better job of maintaining the services that allow 166 million Americans to visit our National Forests every single year.

Mr. HUDSON. Yes, sir, thank you for that, and I am committed to working with you on this issue. I know how important it is. My staff reached out to Chief Tidwell of the Forest Service. We appreciate his cooperation with this. I appreciate your commitment to get that gravel spread out, and get those roads active again. On behalf of my constituents, I thank you.

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

The CHAIRMAN. The gentleman yields back. The chair now recognizes the gentleman from New York, Mr. Maloney, for 4 minutes.

Mr. MALONEY. Thank you, Mr. Chairman. Thank you, Mr. Secretary, for being here. I want to thank you and your staff for working so well with my staff. I really appreciate all your folks have done, I want to say that. One of the things we worked very hard on in the farm bill were the crop insurance provisions, and particularly in my part of the world, which is the Hudson Valley of New York, just above New York City, where we have a lot of specialty crop farmers.

One of the things that I worked hard to include was the CROP Act, which allows for the better development of specialty crop insurance policies, whole farm insurance, weather-based event insurance. If you can give us an update on that, I would sure appreciate it.

Secretary VILSACK. Sure. One of the things that has occurred in the last couple years is more policies being written that are connected and directed to specialty crop production. The whole farm policy is one that we are working on. We think that there is an opportunity at some point in time this summer to begin the process of putting one of these together, and having the Board take a look at it, making sure that it is actuarially sound, and that it will work. And so we are expecting and hopeful that we will have that available for 2015 crop year, potentially on a pilot basis. See how it works, see what we learn from that.

Second, it is important for us to continue to also improve the non-insured crop assistance program. We are in the process of proposing changes and improvements to that as well.

Mr. MALONEY. And are you also interested in having RMA do more of its own development of these policies, which it can do now under the new legislation?

Secretary VILSACK. Well, I think we will continue to use that opportunity. I think these are very sophisticated and complicated actuarial decisions that have to be made. You have to have adequate data to be able to make decisions. So I have trust and faith that they will make the decision as to when they feel competent, and when they need outside assistance and help.

Mr. MALONEY. I appreciate that. If you could commit to briefing my staff on that, I would appreciate it, because we worked hard to get these policies in action in time to do some good. You know, the folks in my region are still struggling to recover from Hurricane Irene, which had a terrible effect on Central Orange County, and their losses simply weren't covered by the kinds of insurance they had, so this is an urgent matter so we don't get another storm. I know you know that, sir.

Can I also draw your attention to the special provisions on muck soil? Now, I know it is coming up on reunion time at Hamilton College, and you are probably planning a visit to Central New York, and I would just point out to you, sir, that on your way you will find some of the best agricultural soil anywhere, what we call the muck soil region of New York. If I could get you up there, it would be great.

There is a provision in the farm bill that encourages you very strongly to work specifically with muck soil farmers on the special

issues they have. It would be great to show you the region and get your commitment to giving some life to that provision so that we can really give these guys the assistance they need.

Secretary VILSACK. I traveled 120 miles to and from law school every day on Route 20, so I am pretty familiar with the landscape of Upstate New York, but I always am willing to learn, Congressman.

Mr. MALONEY. That is right, and your distinguished record of public service certainly befits someone with a New York education, sir. And the final provision I would like to draw your attention to is, or at least the issue I would like to draw your attention to, and I will bring this in on time, I promise—we really benefit from the Hudson Valley Research Lab—which is facing extraordinary cuts from all sorts of sources. And if your Department can continue to work to find the funding necessary for the kind of research that goes on there? I don't need to tell you how important it is to the farmers in my region, especially crop farmers, who really depend on it.

Secretary VILSACK. We have taken a look at our entire internal inspection system, our ARS system. We have prioritized the labs that are doing the highest priority work, and the labs that are in the best physical shape. We have identified labs that are in difficult shape, but doing primary—in other words, we have a capital improvement plan. The challenge for us, obviously, is to find the resources.

We are suggesting that perhaps Congress would consider the possibility of allowing us to retain some of the unspent money from year to year to put into a capital account that help us modernize those Agricultural Research Service (ARS) facilities. Eight hundred different projects right now in the last 5 years, 218 patents, have been approved. This is an innovative center, that we obviously want to continue to—

The CHAIRMAN. The gentleman's time has expired.

Mr. MALONEY. Thank you, sir.

The CHAIRMAN. The chair recognizes the gentleman from Florida, Mr. Yoho, for 4 minutes.

Mr. YOH0. Thank you, Mr. Secretary, and Mr. Chairman. I want to just also reiterate a heartfelt thank you for the work you guys have done, not only with the Department of Agriculture, but with the Committee here. It has just been a great feeling to be a part of that, to get this bill passed. And I also want to thank you, as somebody else did, about the tobacco farmers of Florida, in honoring the buyout program. We thank you for that, because we had gotten a lot of calls about that.

And I want to talk to you about the citrus industry, and you know well that Florida is number one in citrus, and you know our plight down there with the greening. You know, the citrus industry accounts for about \$1.4 billion in sales, approximately \$8.9 billion economic impact, and with the citrus greening going on, 80 to 90 percent of the citrus trees are affected. And, of course, Florida without citrus is like peanut without butter. They kind of go hand in hand, we need that together. And so I was real happy, and I know the citrus producers are real happy in our area, to see the money that was put into that.

And I commend the Committee, and you, and I hope that gets allocated as quickly as we can, so that we can bring this under control. And if there is anything that we can do to help you with that, please let us know. We are looking for a speedy resolution of that.

Secretary VILSACK. Congressman, we put together a multi-agency approach to this, which is involving local, state, and Federal folks, to have a coordinated response to this. We funded it initially with a million dollars, and the \$20 million this year, and then \$125 that you have put into the farm bill will be allocated. We think there are opportunities for us to deal with the vector issue, with this tiny wasp. There is an opportunity for us to look at the pH content of the land surrounding—

Mr. YOHO. Right.

Secretary VILSACK.—trees. That might be an opportunity. And thermal, using heat on the top of these trees may work. We are going to continue to fund those projects, look at additional suggestions, and then make sure we fund the ones that are working the best—

Mr. YOHO. Right.

Secretary VILSACK.—and ramping them up.

Mr. YOHO. I appreciate that, and I know they do too. And I want to talk to you about the peanut program, by the way. The crop insurance industry has introduced the revenue crop insurance program, but yet it hasn't been, I guess, approved for the peanut program, and we are hoping that we can get that implemented just as quick as we can. Are you familiar with that?

Secretary VILSACK. I am familiar with it. I believe that it is—

Mr. YOHO. It is the—crop insurance—

Secretary VILSACK. Rights. It is a policy that would require Board approval. And if the Board approves it, we will, obviously, move forward with it.

Mr. YOHO. And you brought up that China was a big importer of our peanuts. Is that because the South American market took a hit on peanut production, and so, for the last 2 years, they have been buying more of our peanuts? And if so, do you see that continuing?

Secretary VILSACK. I would like to say it is because we have a better product at a better—

Mr. YOHO. I would like—

Secretary VILSACK.—price.

Mr. YOHO.—to think that too. My concern is, due to the incentives, and some of the language, especially with the reference price of \$5.35, that we are seeing an increase in peanut production already nationwide by 29 percent: 53 percent in Georgia, 35 percent in Mississippi, and seven percent in Florida. With this large increase in production, I can't help but think it is going to drive the price of the peanut down, and it could affect a lot of things that we talked about here today, one of them being the young farmers.

These guys have just gone into the business in the last 5 to 10 years. These are the very people that we are trying to help. And if there is an oversupply of the product, and the price drops, it could be devastating to that whole market, the very market that we are trying to preserve. Do you have any thoughts on that?

Secretary VILSACK. Well, that is obviously a challenge. I think some of the changes in the farm bill relative to eliminating the term limit on guaranteed loans might provide some assistance. If somebody has been finding it difficult, they have to refinance their loan at a time when they are term limited coming back to FSA, now they won't have to worry about that. That may be of some benefit. And we are obviously going to work with producers with forbearance, trying to make sure that we give them every opportunity to succeed.

Mr. YOHO. My time has expired.

The CHAIRMAN. The gentleman's time has expired. I turn to the gentleman from Minnesota next for 4 minutes.

Ms. KUSTER. Thank you very much, and I apologize for coming in late, but thank you, Secretary Vilsack, for your testimony here today. Who was next?

The CHAIRMAN. The gentlelady may continue.

Ms. KUSTER. No.

The CHAIRMAN. One of my dear friends needs to use the 4 minutes.

Mr. NOLAN. And Secretary Vilsack, welcome. I had the good fortune to be in Mount Pleasant the day you announced your candidacy for the Presidency of the United States, and, having been in politics for the better part of 50 years, it was the purest, best, most wholesome outpouring of community support for one of their favorite sons that I have ever witnessed in politics. The——

Secretary VILSACK. It was also short-lived.

Mr. NOLAN.—are still vivid in my memory. I trust they are yours as well. I have a couple of quick questions here, and if they have been asked—I had to step out for another meeting. Did anybody ask about the sugar program, and the lawsuits that have been recently brought? And they have been hurting badly, and I know a number of us, myself included, were heard, hoping that you would be supportive of the American sugar producers in the suit that they brought to the International Trade Commission.

Secretary VILSACK. I have to be candid with you, Representative, from my perspective, it is a bit ill timed. I am not suggesting there isn't an issue. There is, and the Mexicans have identified willingness to work on this by redirecting 700,000 tons of sugar that they would have put into the United States into an export opportunity elsewhere.

We are at a very delicate circumstance and situation with Mexico on a variety of issues, and I am sure that they don't see this as a particularly friendly gesture. So, in a perfect world, I would have liked to have seen this perhaps not occur, or not occur at this time. But I recognize——

Mr. NOLAN. Well, thank you for your thoughts on that, and they would like not to have had this occur at this time, but the circumstances were such they felt that they didn't have any alternative. So please continue to take a good hard look at that. They need our help.

The Payment in Lieu of Taxes (PILT) program, we had that attached to the farm bill. Did anybody ask about that at all?

Secretary VILSACK. No, sir.

Mr. NOLAN. Okay. Could you share with us your thoughts on that?

Secretary VILSACK. Well, we are obviously going to follow the direction of Congress. I think the challenge for us is to come up with a long term strategy to work with state and local folks to make sure that, over time, if Congress makes a decision not to continue to re-up this on an annual basis, or provide long term certainty that there is a replacement economy—it is one of the reasons why we have been working really hard to try to address new wood opportunities.

We recently had a conference at the USDA where we created a prize to look at using wood not just as a framing opportunity in construction, but as structural members in construction. Europeans are now doing this. There are now multi-story buildings being built out of a new cross-laminated timber. We think it is a new opportunity. Wood to energy, a new opportunity. So we are trying to figure out ways in which we can stimulate—we are treating more wood, as we promised we would, but we need to do more. And I think that is—

Mr. NOLAN. Is that part of your biofuels—

Secretary VILSACK. Part of it is biofuels, but it is also new products, bio-products. You can take wood nanotechnology, you can take wood fibers, and you can make optical materials that can be used in computers, and other sensitive technology. You can use it to create new armor for police and fire. There is a whole new opportunity here to use bio-based products, which is what this farm bill that you all worked so hard on and passed, it is going to provide us that opportunity to bring those kinds of industries to small towns, which may, over time, allow you to navigate away from the payment in lieu of taxes and secure rural schools issues.

Mr. NOLAN. Good. Well, thank you, Mr. Secretary. I mean, it was so apparent that the people who knew you best in Mount Pleasant had great faith and trust in you, and you raised a lot of important issues in that campaign. I want you to know that there are a lot of people here in Washington, all over the country, that have an equal amount of faith and trust in you, and we thank you for the great job that you are doing there. Keep up the good work.

The CHAIRMAN. With that, the gentleman's time has expired. I turn to the gentleman from Georgia, Austin Scott, for 4 minutes.

Mr. AUSTIN SCOTT of Georgia. Thank you, Mr. Chairman, and I will try to be brief. Secretary Vilsack, the timeframe for the USDA's review of biotech products improved, still beyond 180 days. What do you attribute these delays to, and what can we do, as Members of Congress, to help remove these impediments? Does it take legislation, and would you support that legislation?

Secretary VILSACK. Congressman, we have cut quite a bit of time off the regulatory process, and I think there is more. Part of the challenge is that we are using a new system, but we are still having to work with some of the holdover that we had from the previous Administration, working through that—

Mr. AUSTIN SCOTT of Georgia. Yes.

Secretary VILSACK.—under the old system. But as this new system is fully embraced, you are going to see significant time reduc-

tions, again, above what has already been done. We have knocked off at least a year.

Mr. AUSTIN SCOTT of Georgia. Sure.

Secretary VILSACK. But you can't prevent people from questioning whether or not we have done the right assessment, whether we have done the right environmental review, and that is oftentimes what slows the process down. We are trying to short circuit this without sacrificing the quality of the inspection, and making sure we are doing our job to assess whether there is a risk or not.

Mr. AUSTIN SCOTT of Georgia. Okay. And I agree that it has moved in the right direction significantly, but you don't believe that it needs additional legislation to help?

Secretary VILSACK. I am not sure how you would craft it. I would be open to any suggestions that you have, but you would find it difficult to craft it in a way that would get a majority of the House and Senate.

Mr. AUSTIN SCOTT of Georgia. Well——

Secretary VILSACK. Of course, that may be——

Mr. AUSTIN SCOTT of Georgia.—might be just as difficult these days.

Secretary VILSACK. That is true.

Mr. AUSTIN SCOTT of Georgia. Reducing those delays just helps the rural community so much, and agriculture is the foundation of our economy, and these new products are extremely important to us. They are extremely important to the nation, and the world, with regard to food supplies. So thank you for your service, and with that, Mr. Chairman, I would yield the remainder of my time.

The CHAIRMAN. The gentleman yields back, and I am proud of him. And continuing down the list, I turn to the very patient gentleman from Texas for his 4 minutes.

Mr. GALLEGO. Thank you, Mr. Chairman. Mr. Secretary, when I took office in January of last year, one of the first things that I heard about was an issue with the cattle crossing in Presidio, which at one time was the number one port.

I have worked with your office, I have had several conversations with your Under Secretary, Mr. Avalos. I have had conversations with the Administration, Mr. Shea of APHIS, and all I have asked is tell me why you have closed that inspection station over on the Mexican side, Ojinaga, which is the city on the Mexican side, doesn't have any travel advisories. And I have worked with the State Department, who told me that it is all clear. Having been a former prosecutor out there, I went with the law enforcement community, both Federal and state, who tells me that there is not a problem.

And yet, when I deal with the USDA—and I am told we are having a meeting, and we will call you next week, and we are having a meeting, and we will call you next week, and I never get a return phone call. With all due respect, I am getting the impression that there is some national security—and I am happy to reserve a secure room so that we can have a conversation about what is going on over at USDA, because I am, in all honesty, pretty frustrated that I can't even get an answer. If it is unsafe, I want to know that. I would like to know why. It would seem that the State Depart-

ment, and all your sister agencies, would disagree with your assessment of the situation on the ground.

Secretary VILSACK. Congressman, first of all, to the extent that you are not getting return phone calls, I sincerely apologize. That is not the way we should be doing business with you, or any other Member of Congress, and we will make sure that that doesn't happen, and I apologize for that.

Second, you are entitled, and should have an answer directly to the question that you are raising. It is my understanding that our folks do have a disagreement with the State Department as it relates to the ability of our folks to travel through a section of town to get to that facility that they believe, our folks believe, raises a serious security threat to our personnel, which is why we established, on the other side of the border, an inspection process. And I think that is the fundamental issue.

And I have asked our team to sit down with the State Department and see whether or not they are right, and we are wrong, or we are right, and they are wrong, so that there is a consistent message provided to you. I can understand that it is frustrating, especially when one Department says one thing, another Department says something differently. All I can do is trust, in terms of what I do, I am obviously, first and foremost, concerned about the public safety of my employees. If they have concerns, then I have to take them seriously. But they have to be justified, and they have to be reasonable.

Mr. GALLEGO. And I will tell you that I certainly don't disagree with that. My frustration is that you would think that you would be able to get an answer within—again, I mean, I am more halfway through—this is, like, nearly 18 months into my term, and it was one of the first conversations that I had with your agency. And it would seem that 18 months would be more than sufficient time to meet with your sister agencies and have an answer.

Because when you open temporary facilities, it is not unusual to have a temporary facility at some of the points of entry, but in Laredo, for example, or in different places, Eagle Pass, they are closed, and they are opened a couple of months later. This situation has been this way for over 2 years, and there doesn't seem to be any incentive on the part of the agency to move it off center.

Frankly, I would like to invite you to come to Presidio, and I would like to invite you to help me move this issue off of dead center. And, Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back the balance of his time, and the Secretary's word is good, and he will get you an answer, I am confident.

With that, the chair turns to the gentleman from Pennsylvania, Mr. Thompson, for 4 minutes.

Mr. THOMPSON. Thank you, Chairman. Thank you, Mr. Secretary, to you and your staff for your work and collaboration putting this farm bill together. I look forward to working with you as we serve our oversight function, as you work for implementation.

Just a couple of things to touch on. Obviously, the bill contained language to ensure the bio-based market programs includes forest products, and just wanted to check on the status of that, and how

will we be promoting those changes so that there is broad inclusion of forest products.

Secretary VILSACK. We are moving forward on those changes, and excited about the opportunity. And we have the lead responsibility, as you know, Congressman, so we are going to make sure our sister agencies are fully aware. The first step in the process for us is to change the regulation, which we are in the process of doing, then notifying our sister agencies.

And then we have established recently some kind of reporting system where we can actually look at contracts that are being issued by Federal agencies to make sure that they have the bio-based, bio-preferred language in the contract. Then, from that point, once we get everyone pretty disciplined to do that, then it is basically, how much are you actually purchasing that is bio-based of all types? And we have, as you know, thousands of products that are in that category, and in that program. So we are moving on that issue. We know it is important to you.

Mr. THOMPSON. And I appreciate it. I think it is important to our healthy forests too, as you know. And you were very encouraging during our hearings when we talked about this in the past, and I appreciate your support for what we did. I think we have probably one of the strongest forestry titles, maybe ever, with the farm bill.

I wanted to touch some bases, and I always do, whether it is with you, or the Forest Supervisor at the Allegheny National Forest, so my first question is always timber harvesting, as timber harvesting makes sure that we have healthy forests, but also healthy rural communities. We did make some changes in the farm bill, but I wanted to see, any estimates on how many board feet we anticipate producing from the National Forests this year, in terms of which ways it is going, and what can we do to increase that level of harvest? Which, again, I think you would agree, when we are at a sustainable rate of harvest, we have healthy forests, and we have healthy rural communities.

Secretary VILSACK. We would anticipate somewhere in the—I want to make sure I answer your question correctly. I think our goal this year, in this fiscal year, is 2.8 billion board feet, which would be more than last year, and more than the year before that. Our goal for Fiscal Year 2015 is 3.1 billion board feet. And I get reports on this every month, so I can tell you that it is obviously early in the process, but we have already treated 300+ million board feet, and we are on our way to making sure we meet those goals.

I would also say that I think this wood conference that we recently had may spur additional opportunities for us. This cross-laminated timber is a tremendous opportunity for us, and I hope folks take advantage of the challenge we have put forward on that issue.

Mr. THOMPSON. I think that is very exciting, actually. That increases the market, so, obviously, that is a big part of it, not the only part. And I appreciate what you are doing, pushing out to architects and engineers to educate them on the opportunities.

We seem like we are behind. I have some schools and others who have National Forests too who haven't really received their Secure

Rural Schools payments yet. For whatever reason, we are a bit behind. Didn't know if you had any kind of update on the——

Secretary VILSACK. Those——

Mr. THOMPSON.—status of that?

Secretary VILSACK. I am pretty sure the Title I and III payments went out, Congressman, earlier in March, and I believe the Title II payments are going out tomorrow.

Mr. THOMPSON. Okay. Tomorrow, that is a pretty quick turn-around then, thank you. We will take credit from the hearing when I talk——

Secretary VILSACK. All right. I expect the press release——

Mr. THOMPSON. I appreciate——

Secretary VILSACK.—to say nothing less.

Mr. THOMPSON. Yes. I appreciate it. Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back. The chair enthusiastically turns to the good lady from New Hampshire for her 4 minutes.

Ms. KUSTER. Thank you very much, Mr. Chairman, and I just want to commend my colleague across the aisle for the incredibly swift results that he was able to get out of that last question, very impressive.

Thank you, Secretary Vilsack, for your leadership. Just to join my colleague, Mr. Nolan, in his effusive praise, I met you the first time when you came to New Hampshire for the First of the Nation Presidential primary, so my main goal is to invite you to come back.

And I just wanted to say, it has been a tremendous honor for me to be a part of this Committee, the first Member in 70 years from New Hampshire. But I have some great news to report to you, and to share with my colleagues. Under USDA's most recent Census of Agriculture, New Hampshire has grown by about five percent over the past 5 years, with regard to the number of young farmers and new farmers joining our community. So our agricultural sector may not be the size of the Midwest, but we certainly are making up for it in terms of enthusiasm. Robust local food networks, an emphasis on a healthy connection between fresh food and our lifestyle, as well as Farmers' Markets, and organics, and growing in every way.

I also had an excellent meeting this morning with a group of foresters, and I want to join my colleague in terms of encouraging the use of our National Forest lands. One of the issues that came up this morning had to do with—and this may be a local preference, but the foresters are not allowed to forest on Saturdays and holidays.

And we are coming up in New Hampshire on a very special fifth season that we have that is called mud season, when the frost goes out, and our foresters are not able to work for about 6 weeks, so every day during the winter is actually very precious, and during the summer, when the roads dry out, it is very precious. So I would just ask you to take that back on advisement, and we will follow up with the staff.

But we would love to get you to New Hampshire, and tourism and agriculture are our top two industries, and so our working landscape is extremely important, and thank you for your leadership. I don't know if you had any comment on that.

Secretary VILSACK. Well, I look forward to going back to New Hampshire. It is a great state. It is a beautiful state.

Ms. KUSTER. Thank you very much. Thank you, Mr. Chairman, for your patience.

The CHAIRMAN. The gentlelady yields back. The chair recognizes the gentleman from Illinois, Mr. Davis, for 4 minutes.

Mr. DAVIS. Thank you, Mr. Chairman. Mr. Secretary, thank you. I just want to point out I sent a letter to your office on March 6, inviting you to come into my district in central and southwestern Illinois to discuss the issue I am going to bring up today, which has to do with the school nutrition programs. I would love for you to come out and visit some of our school professionals and hear directly from them about the impacts of the implementation of the 2010 Healthy Hunger Free Kids Act.

I think we all share a common goal. We want kids to eat healthier. We want to address childhood obesity. But the good intentions have led to some challenges in our school districts. And I have heard from many of our local school districts about how they have once taken profitable parts of their school district portfolio, and, because of the new rules and regulations, and the lack of participation, school districts, like in Monticello, Illinois, have now lost \$100,000 a year, and recently decided to pull out of the school nutrition program, which I don't think is a goal of any of ours.

The School Nutrition Association actually said that there are 1.2 million fewer kids that participate in the school nutrition program since the enactment of the 2010 Healthy Hunger Free Kids Act, and we are seeing up to 70 percent of the fruits and vegetables that are being served being thrown away, which is costing school districts hundreds of thousands of dollars.

And I just read an article, I thought it was an April Fool's Day article, because it was April 1, but it was from the *Los Angeles Times*, talking about the second largest school district in the nation, in Los Angeles, that is losing upward of \$18 million a year because of food waste. And that is only at a ten percent estimate. And if you add the 60 percent to that, that is \$28.8, almost \$29 million a year that it is costing that one school district.

This is why I have written to ask for some flexibility, and I just want to make sure that you saw the language in the Omnibus spending bill, and it directs the USDA to come up with some waivers for schools that are having a hard time complying with the new rules and regulations. Los Angeles being one, but Monticello, and my school district, Hillsboro, Illinois, Calhoun County, Illinois.

And I want to give you some credit too, when we identified some problems with the protein and grain requirements, your agency did offer some flexibility. Thank you for that, and thank you to my colleague, Kristi Noem, for making that issue a priority also. But I want to know, have you developed any procedures—

Secretary VILSACK. Yes.

Mr. DAVIS.—for the Omnibus language for the school districts that ask for flexibility?

Secretary VILSACK. Congressman, my staff, Todd Batta, handed me a copy of the Richard B. Russell National School Lunch Act, which talks about our authority, and I will be happy to give this to you. It is fairly clear from this that we don't have the authority

that you would like us to exercise. Statutorily, we simply do not have the capacity to waive. And I will read from it, "The Secretary may not grant a waiver under this subsection that increases Federal costs, or that relates to—(A) the nutritional content of meals served," or, "(J) the sale of competitive foods." So if you are looking at waiver authority, this is something that you may want to take a look at.

Mr. DAVIS. So basically, beyond the spending language that we put forth, you can't offer those waivers?

Secretary VILSACK. That is correct.

Mr. DAVIS. Okay. I have a problem—who, then, is going to be able to offer the waivers that we have asked to be—

Secretary VILSACK. Well, you would have to change the law to give me the permission and the capacity to do this. I don't have the power to do it.

Mr. DAVIS. Well, we did change the law in the Omnibus spending bill, and—

Secretary VILSACK. No, you directed us to grant waivers. You didn't give us the authority to do so.

Mr. DAVIS. I would like to point out that this Administration doesn't have a problem changing and offering—on other legislation, but that is another—

Secretary VILSACK. That is—

Mr. DAVIS.—that is a different subject.

Secretary VILSACK. Yes.

Mr. DAVIS. I just would ask you to come visit so that we can get your support, and the support of this Administration, to offer some flexibility to these school districts that they obviously need.

Secretary VILSACK. Congressman, may I—Mr. Chairman—

The CHAIRMAN. The gentleman may respond.

Secretary VILSACK. Very quickly, first of all, 92 percent of school districts in this country have either already been certified, or are in the process of receiving certification under these new standards, so there has been acceptance. I am not sure that the School Nutrition Association is absolutely correct, as it relates to the people that aren't participating, because we have seen a dramatic increase in the school breakfast program, so I wonder about those numbers.

And on the issue of food waste, we have to be very careful about this issue, and here is why: 30 percent of all food that is produced in the United States of America is wasted, 30 percent. It happens in restaurants, it happens in homes, it happens in schools, it happens everywhere. And that is an unfortunate circumstance, and it is something, frankly, I would be happy to work with you on, trying to figure out how to reduce food waste, because it is not only a terrible waste of production, but it also is the single largest part of solid waste in our landfills, and it is a methane producer. So there are many reasons to get focused on that issue.

Mr. DAVIS. I would love to work with you on that issue. I would love to work with you on addressing some of the concerns I brought up, but I don't want you to confuse the 85 to 90 percent compliance rate with satisfaction from the school district. And I would appreciate your ability to work with me on addressing some of those concerns too, sir. Thank you.

The CHAIRMAN. The gentleman's time has expired. The chair now recognizes the gentlelady from New Mexico for 4 minutes.

Ms. LUJAN GRISHAM. Thank you, Mr. Chairman. Secretary Vilsack, you recently visited my home state, New Mexico, and my district, and I really appreciate that, and thank you for your efforts to be present, and on the ground. And I would like to follow up on an issue that we briefly spoke about, because we have such a high proportion of minority farmers and ranchers in New Mexico.

In June of last year the Forest Service conducted a civil rights compliance review that included Region 3 in New Mexico, and found that they were non-compliant with several civil rights requirements. Now, the report detailing these findings, and suggested corrective actions to be taken, directs the Forest Service to develop a detailed corrective action report, within 60 days of the receipt of the report. It states that the plan must also include any progress made in these areas since the review. Can you provide me with any updated information related to both the corrective action plan, and progress to date on implementing, and going through those review processes?

Secretary VILSACK. Congresswoman, I would be happy to have our team and our staff provide you with details. So, if you don't mind, I am going to answer your question a bit more generically and generally.

[The information referred to is located on p. 65.]

I receive a monthly report relating to Equal Employment Opportunity (EEO) complaints and program complaints for each department of the USDA. I can tell you that both are at record lows, which is good, in terms of the overall department. When we see high numbers of program complaints, or Equal Employment Opportunity Commission (EEOC) complaints, we ask our civil rights folks to look into it, and to create a collaborative effort with the mission area to work out difficulties. I know that Joe Leonard in our civil rights office has been working very closely with the Forest Service. I know Region 5 has been an area that he has spent a lot of time on, but, honestly, at this point in time, I will have to check on Region 3, in terms of precisely what has happened there.

Ms. LUJAN GRISHAM. Right.

Secretary VILSACK. But I would be surprised if we aren't on top of this.

Ms. LUJAN GRISHAM. And, Mr. Chairman, if I might, and just to respond to that with the Secretary, you were responsive to me when you were in the district. You offered staff to come back on the ground. That has not yet come to fruition, and so continuing your efforts on our behalf, I would be very grateful, make sure that we do have the Department engaged to the highest degree possible, and do appreciate that you spend time on corrective action plans, and reviewing how the Department is doing in a variety of levels. I think that that is an encouraging effort that many more departments in the Administration should be doing.

So I look forward to having you back in the district, and we are ready to work with you. We are more than ready to work with you. Thank you, Mr. Chairman, I yield back.

The CHAIRMAN. The gentlelady yields back the balance of her time. We have the gentleman from Louisiana, the gentleman from

California, and the gentlelady from South Dakota remaining, and there is time. The gentleman from Louisiana, Mr. McAllister, is recognized for 4 minutes.

Mr. MCALLISTER. Thank you, sir. It is tough being the low man on the totem pole, waiting until the end. First I just want to tell you thank you, Mr. Chairman, and thank you, Secretary. I appreciate the bipartisan support. You know, I represent one of the largest row crop districts in the state, so when this farm bill came about—now, obviously I am the new kid on the block, and I ain't never had no public office, so I went to the people, and I asked them about the farm bill. And over 253 different constituents, from every part of the industry that I asked, not a single one of them said no. They all said, please make sure this farm bill passes, please get it in.

The CHAIRMAN. I like your constituents, sir.

Mr. MCALLISTER. So I just want to commend you, Mr. Chairman, and you, Secretary, for that. And, heck, I would definitely appreciate it if you want to come down to my district and check out these guys. And, remember, crawfish goes out about May, so if you want to come, now is the time to come, if you want to eat good, and enjoy some corn, potatoes, and crawfish.

But one concern I have, and I was just in the district this past week, and, look, I know we have to live in the reality of the world that we live in, and I know there are some certain things that need to be changed out, but the FSA program is one of them. That is a serious concern to me, with the rural farmers and all that we have in the rural communities.

And my main concern is most of these farmers—we live in a technologically challenged area for us, one, with the Internet capabilities, and even some of these older farmers—and I heard the other gentleman talking earlier about trying to get younger farmers into the program, which absolutely we need to, but that one on one, and filling out those applications, and what the FSA program does for my district is very vital.

So the only thing I just—and it is really not a question, *per se*, to put you on point or ask, it is just, please be mindful when it comes to how we do. Try to regroup and restructure this, that we make sure that Mr. Bud down the road, that don't turn on the computer, and only thing he has is to set that appointment and go meet with his FSA officer, and still being represented, and still gets programs, and get them done.

And I am all about efficiency, and whatever we can do to help, being one of the largest row crop districts in the country, I do sincerely wish that, if you get the opportunity to come down and visit, and we will get all the farmers together, and we will send you back with loads of peaches, and sweet potatoes, and everything else we are growing. It would mean a lot to them to know that—they feel like they are kind of being disenfranchised with this FSA.

Because, I mean, all they hear is the media, and the hype, and people want to point the finger at you, say that you are cutting because you are doing other things in the budget. But it is the world we live in, and how we have to be more efficient about what we do, and how we do it. At the end of the day, we are all on the same page, that we want to support the farmer, and make sure that we

are still producing enough crops to feed this country, and export as much as we can to be sustainable.

So I just—whatever your comments might be on that, but I definitely appreciate your time coming here today and visiting with us.

Secretary VILSACK. Well, Representative, the reason why we learned from the previous experience of taking a look at where the work is required, we will take into consideration those areas that are technologically isolated, so that it makes it more difficult for folks to take advantage of whatever technology advances are being made in service. So that is something we definitely should take into consideration, and we will take into consideration.

This is not about denying people the help they need. This is about ensuring that we give them not just the help they need, but even working to maybe give them some ideas that they never even thought about to be able to connect farmers to rural development programs, to conservation programs more effectively, and to deal with the budget realities that we face. So we will be sensitive to the concerns you have expressed here.

Mr. MCALLISTER. Well, I appreciate it, and I look forward to working with you. I yield back my time.

The CHAIRMAN. The gentleman yields back the balance of his time. The chair recognizes the gentleman from California, Mr. LaMalfa, for 4 minutes.

Mr. LAMALFA. Thank you, Mr. Chairman. Thank you, Mr. Secretary. 4 minutes, I will hurry. I appreciate the earlier commentary. California, I am from there, big drought. Anything you can do to help expedite the disaster assistance, especially as it affects the Livestock Indemnity Program, we stand to help you assist with that as well.

We have issues going on also with—we were talking about the section 404 permits and such, and we have people running into problems with the EPA, and those folks, and doing crop changes, and that somehow it involved some kind of Clean Water Act problem, when they are merely changing crops, and getting in trouble with the Federal Government and that. So we might come to you, seeking some assistance on getting through that, because we think that is a wrong interpretation, as was commented earlier.

Thank you, again—Ms. Negrete McLeod mentioned the WIC program in California. We need to see how we can lift that moratorium get more vendors out there being able to compete, provide more choices, and hopefully better pricing for people in the WIC program. To reiterate, do you know when there might be a start date for reviewing the applications for—

Secretary VILSACK. I don't know the specific date, but I know that there has been a real focus on trying to get this done, and getting it resolved quickly. This was a major problem, and we have been working with the state for a long time.

So with the questions that are being asked here, I am more than happy to get back to my office and make sure that Kevin Concannon and his team get in touch with your office, and some of the other folks who have asked this question, to make sure that we get you the latest information.

Mr. LAMALFA. Thank you so much. Jumping to forestry, I mean, in California, that old saying, you can't see the forest through the

trees, got too dang many trees. So we need to get a lot more yield out of our forests. One of our units up there in the northeast, they had, as an original goal, 32 million board feet. I hear now they are only going to come up with 12 million board feet in this year. A couple of my colleagues did mention board feet, and yield, and all that, and we need a lot more help. We need a lot more help on the salvage side of it too, where we have frustrated vendors out there, foresters that would like to get after salvage.

We are getting some movement on the Rim fire, but a lot of others are very frustrated because, as you know, you have a short amount of time to get at the salvage timber before it becomes insect infested. And then, instead of a positive to the economy, and a positive getting it out of the forest, now it becomes a cost to whoever is going to have to remove it later, or you have a tinder box.

Some local constituents visited my office this morning and spoke with Forest Service folks, and what they are getting is that that is kind of a circular argument. Like, they say, well, the local folks have the authorization to push forward on salvage, and on the amount of board feet. You talk to them, they say, well, it is coming from Washington, D.C. So we could really use your help on clarifying who has the authorization to push forward on—is it just salvage, or, in general, getting these permits out.

The frustration is that the harvest permits are not moving quickly enough, and they actually are part of the solution to funding. You know, you hear about funding, there is not enough staff to get the harvest plans or other forest activities done. We would have a positive income if we are getting those out timely, and getting the forests working again.

So I throw all these things out as—could you help us clarify a little bit later too on where the authorization really lies to make the decisions on the forest units? Is it in California, in Vallejo, or is it in Washington, D.C.?

Secretary VILSACK. Well, I know that in D.C. we basically set a goal, and, as I indicated earlier, I track it on a monthly basis. I am under the assumption that these decisions are not made in D.C. In terms of specifics, they are made at a much more local level, but I want to verify that, and make sure that I am giving you correct information.

The information referred to is located on p. 66.]

Mr. LAMALFA. Thank you, sir. I yield back.

The CHAIRMAN. The gentleman's time has expired. The chair recognizes the gentlelady from South Dakota for 4 minutes.

Mrs. NOEM. Thank you, Mr. Chairman. And, Mr. Secretary, I want to thank you for making livestock disaster programs a priority, and getting those implemented. You know what South Dakota has kind of gone through the last couple of years, with the drought in 2012, the devastating blizzard we had in October of last year, and tens of thousands of cattle that we lost. Western South Dakota has gone through another 2 day blizzard here in the middle of calving season, and it is hitting eastern South Dakota today. So it has been rough, and the fact that you have made it a priority means a lot to the producers at home. It means a lot to me.

I know sign-up starts April 15. How soon do you think some payments might reach the individuals?

Secretary VILSACK. I have been told that our goal is to do it relatively quickly. I don't want to pin myself down, or our team down, to a specific timeline, but I can tell you everybody understands that these folks have waited far too long for help—

Mrs. NOEM. Yes.

Secretary VILSACK.—and everyone understands that every day that goes by that they don't get help, somebody who is on the bubble may get out of the business, so—

Mrs. NOEM. Typically in the past it has taken how long for the payments to go out?

Secretary VILSACK. I don't anticipate it is going to take very long.

Mrs. NOEM. Okay.

Secretary VILSACK. Folks have been assuring me that they are prepared to get this money out as quickly as they possibly can. That is the hope, and—

Mrs. NOEM. Yes.

Secretary VILSACK.—that is the goal.

Mrs. NOEM. I have another problem. And, as far as when it comes to FSA closures in the past, what we have seen in South Dakota is that an FSA office will be listed for closure, where the NRCS office that is right in the same building, located next to it, is not. A lot of the producers recognize the FSA office has a big workload, and they are wondering why that is focused on, rather than NRCS, when they are co-located. I believe you talked about this earlier, before I came in the room, of wanting to have a one-stop shop that could meet all the producers' needs, but I think that is priority.

Two things I would like you to focus on when you look at producing where those potential closures might come is the workload, which you have indicated you would. The other one is distance.

Secretary VILSACK. Yes.

Mrs. NOEM. Because I believe in law it says that each office cannot be more than 20 miles apart as you drive, on the road miles. In South Dakota, some of those that were listed, and have been closed, were 50, 60, 70 miles apart. And when we called USDA and visited with FSA about it, they were interpreting it as the crow flies. I don't believe the law says that. I believe that law says driving miles, and I hope that that is followed when you look at this list, in trying to become more efficient, and better serving the producers.

Another thing, in northeastern South Dakota, when it comes to NRCS, we have some specific issues in some counties where producers who are trying to get wetland determinations done feel like they are being treated unfairly. And, honestly, they tell me they feel like they are being prosecuted. So I need some help with that. I think that when you have land in one county that is adjacent to another county, and the land in this county is treated completely different, and the wetland determinations are happening in a timely manner, whether it is yes, no, whatever they like, is favorable, doesn't matter, but it is timely, and it happens, and the county right next to it takes a year, 2 years, sitting on the wetland determinations, it is extremely frustrating for those producers to make decisions. So I don't think it is a whole South Dakota problem. I do think it is a northeastern South Dakota problem.

Secretary VILSACK. And we have attempted to change the method in which these determinations are made to raise it up a level—

Mrs. NOEM. Yes.

Secretary VILSACK.—so that we don't have quite the disparity that you have mentioned. Hopefully that will mitigate that uncertainty.

Mrs. NOEM. Okay. I might need your help with that. If we can focus on northeastern South Dakota, and make sure that that district within NRCS is complying with the direction that you have given to them, that would be great.

The last thing is Section 8204 of the farm bill, that looks at Forest Service land, and some of the new authorities that we have given them, and how to deal with Forest Service land in regards to invasive species. We have the pine beetles going on in the Black Hills, and I know that you would probably agree that this is an important provision. Chief Tidwell has told us that he thinks it is an important provision. And it requires the government of a state to make a declaration to you to ask to use these authorities so that treatment areas can be detected. I know that my governor has done that. Have other governors asked for that authority in that provision?

Secretary VILSACK. They have. We had a meeting with the Western Governors, and they all expressed a desire to participate in this, and we encouraged them to get to us their designation so that we can—

Mrs. NOEM. Okay.

Secretary VILSACK.—determine whether or not it is expansive enough, or significant enough. You are correct, the Forest Service is anxious to use this authority to streamline the process, and hopefully to get a better handle on some of the problems that we are confronting.

Mrs. NOEM. Super. Thank you so much. I yield back, Mr. Chairman.

The CHAIRMAN. The gentlelady yields back. All time for questions has expired. The chair now turns to the Ranking Member, before we adjourn, to make any closing remarks that he might choose to.

Mr. PETERSON. Well, Mr. Chairman, I just want to thank the Secretary for his patience, and his willingness to answer questions. And I guess there are some questions that need to be answered in writing, so we look forward to that. I look forward to working with the Secretary and his people getting this bill implemented, and getting the information out to the farmers on a timely basis, as timely as we can. Thank you for being here. I yield back.

The CHAIRMAN. The gentleman yields back. The chair wishes to note also the Secretary's appreciation for the 2 hours and 45 minutes here, and would note that we are about to adjourn in a timely fashion. After 2½ years of farm bill, I like doing things in a timely fashion indeed.

Secretary VILSACK. Mr. Chairman, if I could, let me close by—a number of your colleagues have indicated the extraordinary work that you and Congressman Peterson individually did on the passage of the farm bill. I would like to associate myself with those remarks as well, to acknowledge the great work that was done by

both of you to get this farm bill through, and certainly appreciate the bipartisan nature of the work that this Committee is engaged in. It is an example not just for this Committee, but it is an example, hopefully, for the rest of the Congress, and the country.

The CHAIRMAN. Thank you, Mr. Secretary. Under the rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional material 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 12:15 p.m., the Committee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED LETTER BY HON. JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

March 31, 2014

Dear President Obama,

On this day, marking the birthday of Caesar Chavez, as Bishop of the Catholic Diocese of Fresno, I join my brother bishops and other Californians of good will to exercise restraint in the use of water as an expression of solidarity with those whose livelihood and welfare are at risk due to extreme drought conditions. The lack of water is impacting everyone: farmers, ranchers, dairymen, their employees, faith communities, and the businesses that serve them. The situation is quickly deteriorating into a humanitarian crisis.

Businesses are shutting their doors and others are laying off employees. Access for children and families to clean, drinkable water is uncertain. Legislators struggle to craft an equitable public policy ensuring the state's present and future water needs. Lines at Food Banks and Human Service Agencies have doubled due to the issue and in fact our Catholic Charities services went from 87,000 units of service in 2012 to 137,000 units in 2013. These numbers will double in the next year if we don't see a change with the water situation.

We are reminded in this time of drought of our dependence on the Creator. Our human dignity relies on access to water. The creation entrusted to us is a common heritage and requires us to work together as responsible stewards for the common good, especially mindful of the vulnerable. As the economic and health impact of the drought grows, those with limited resources will be the first to suffer.

May I respectfully ask that you read the attached letter* from Senator Feinstein and our bipartisan Congressional delegations and take action on those recommendations.

Sincerely,



Most Reverend ARMANDO X. OCHOA, D.D.
Bishop, Diocese of Fresno.

SUBMITTED MEMO BY HON. JAMES P. MCGOVERN, A REPRESENTATIVE IN CONGRESS FROM MASSACHUSETTS

Memo

To: Republican Members, House Committee on Agriculture
From: Majority Committee Staff
Date: March 14, 2014

Re: Farm Bill Nutrition Savings Estimate

Committee staff have received questions regarding Section 4006 of the Agricultural Act of 2014 ("the Farm Bill") related to the manner in which Low Income Home Energy Assistance Program (LIHEAP) payments are treated in the calculation of Supplemental Nutrition Assistance Program (SNAP) benefits. Background and explanation on the provision can be found in the attached Congressional Research Service (CRS) report.¹

2014 Farm Bill's Reduction in SNAP Spending

Section 4006 of the farm bill requires that LIHEAP assistance to a SNAP participant must be greater than \$20 per year in order to trigger the standard utility allowance (SUA) deduction for that household. Section 4006 is intended to reduce artificially inflated benefit levels in households receiving nominal LIHEAP checks from their respective state. The Congressional Budget Office (CBO) estimated that this change will reduce SNAP spending by approximately \$8.6 billion over the 10 year budget window of Fiscal Years 2014–2023.²

* **Editor's note:** the letter is printed as received.

¹ CRS Report R42591, *The 2014 Farm Bill: Changing the Treatment of LIHEAP Receipt in the Calculation of SNAP Benefits*, by Randy Alison Aussenberg and Libby Perl.

² Congressional Budget Office, *Cost Estimate: H.R. 2642: Agricultural Act of 2014*, January 28, 2014, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr2642LucasLtr.pdf>.

States' Reaction and Effect on Savings

Seven of the 17 states that currently send nominal LIHEAP checks have recently announced that they intend to issue minimum \$20 LIHEAP checks for this fiscal year to a portion of their SNAP population to maintain the artificial benefit levels.

Various media outlets have reported on the announcements of these states. The press reports assume that the change in behavior of these states eliminates the savings estimated from the reforms included in Section 4006. This is false and fails to recognize CBO considerations included in the savings estimate.

Prior to enactment of the Agricultural Act of 2014, the House Committee on Agriculture ("the Committee") requested that CBO score a policy that fully severs the interaction between LIHEAP and SNAP. With this policy, a state-sent LIHEAP check of any amount would no longer trigger the SUA that allowed for increased SNAP benefits. Instead, states would only be allowed to provide an SUA to households incurring an actual utility expense. CBO estimated that ending the practice of sending households LIHEAP checks of any amount to trigger the SUA would save approximately \$11.6 billion.³

CBO estimated that the Senate-passed farm bill S. 954 would save \$4.1 billion with a minimum LIHEAP payment of \$10 a year. CBO arrived at the \$8.6 billion savings estimate by making certain considerations about how states would respond to the \$20 minimum LIHEAP payment required under Section 4006.

Significantly, the CBO estimate accounted for the following considerations:

- **Raising the minimum LIHEAP payment deters additional states from artificially increasing SNAP benefits.**

The 10 year SNAP baseline assumed that additional states would start issuing nominal LIHEAP checks. By moving the minimum LIHEAP payment to \$20, CBO assumed that non-LIHEAP states would maintain the *status quo* in lieu of shifting scarce LIHEAP resources toward the SNAP interaction.

- **Some of the 17 states would increase their minimum LIHEAP payment to \$20 for some or all of their SNAP beneficiaries. Thus, the decision of these seven states to increase their LIHEAP payment does not affect the CBO estimate.**

As of the date of this memo, seven states have reportedly committed to increasing their LIHEAP payments to \$20 for this fiscal year in order to maintain artificially-increased benefits for certain SNAP beneficiaries. While CBO does not provide state level data, CBO's estimate reasons that some states would increase their minimum LIHEAP payment to \$20, at least for a portion of their beneficiaries. Thus, the decision of these states to increase their LIHEAP payment does not affect the CBO estimate.

- **Some states will only continue the increased LIHEAP payment in the near term.**

LIHEAP states have an incentive to meet the \$20 minimum in the first few years after passage of the farm bill so that current SNAP recipients will not see a reduced benefit. As current beneficiaries move off of the rolls, states have a reduced incentive to take scarce LIHEAP funding from its intended purpose to increase benefits for a newly certified SNAP participant. Some, or all, LIHEAP states may only continue the \$20 minimum LIHEAP payment for a portion of the 10 year baseline.

LIHEAP Funds

States are using Federal LIHEAP funds to trigger the artificial SNAP benefit increase. The CRS reports that "because of the budgetary constraints associated with LIHEAP funds, it seems unlikely that a state would give more than \$20 to every household that had been receiving less than \$20, but it is an option that is open to states." CRS also notes that "unlike SNAP, LIHEAP is not an open-ended entitlement, and funding is not sufficient to assist every household that is eligible for the program. In FY 2009, 7.4 million households received heating and/or winter crises assistance and 900,000 received cooling assistance. The number of households assisted may now be lower. FY 2009 was a year in which states received a total of \$5.1 billion for LIHEAP, compared to about \$3.4 billion in FY 2014."⁴

SNAP beneficiaries with an actual utility expense already qualify for the SUA and do not benefit from the LIHEAP SNAP interaction. Thus, states choosing to provide

³ Congressional Budget Office, *Preliminary Cost Estimate*, October 30, 2013.

⁴ CRS Report R42591, *The 2014 Farm Bill: Changing the Treatment of LIHEAP Receipt in the Calculation of SNAP Benefits*, by Randy Alison Aussenberg and Libby Perl, p. 9.

the \$20 minimum LIHEAP payment are diverting Federal energy assistance dollars away from citizens with legitimate energy needs and the intended use of the program. CRS reports that “. . . the LIHEAP statute provides that states may use LIHEAP funds to provide direct assistance to households in several ways: to help meet ‘home energy costs’ (defined as heating or cooling), to assist in energy crisis situations, for home weatherization, or for services to reduce the need for energy assistance such as needs assessment or counseling on how to reduce energy consumption. CRS is not aware of the way in which states with nominal LIHEAP payments determine whether households have need of LIHEAP for the statutory purposes. Payments to households that are not provided for one of these purposes could be inappropriate.”⁵

SUPPLEMENTARY MATERIAL SUBMITTED BY U.S. DEPARTMENT OF AGRICULTURE

Insert 1

Mr. NEUGEBAUER. Thank you, Mr. Secretary. The other thing is that recently Fish and Wildlife, last week, listed the Prairie Chicken as threatened. I am on the record saying that I don't believe that was necessary. But one of the things I do understand is that supposedly Fish and Wildlife did consult with USDA about this issue. And what I was wondering is did they ask, or did you furnish them any information that would lead them to have information of the economic impact of listing this species, and the hardship or burden that it might place on producers?

Secretary VILSACK. Congressman, our primary conversations with Fish and Wildlife Service on this particular issue was how we might be able to provide the same kind of regulatory certainty for Lesser Prairie Chicken that we have provided for Sage Grouse. So we have been able to enter into an arrangement with Fish and Wildlife for the benefit of landowners and producers in which we lay out specific conservation practices that, if farmers, pursuant to Natural Resources Conservation Service (NRCS), working with NRCS, adopt these conservation practices, then they don't have to worry about incidental takings, relative to conservation practices, or relative to their operation for a period of 30 years. So our focus has been primarily on trying to figure out ways in which we can mitigate the impact on farming operations.

I will have to check with my staff as to whether or not economic information was provided, but I know that I did direct the staff to look at ways in which we could create more regulatory certainty for folks who may be impacted by this decision.

NRCS did not provide data or information related to the economic impact of listing of the Lesser Prairie Chicken. The Agency's effort was invested in working with FWS to develop a regulatory certainty framework for producers who take conservation steps to benefit Lesser Prairie Chicken habitat, similar to the approach that has been used successfully for Sage Grouse. Under this approach, producers follow the suite of conservation practices and then don't have to worry about incidental takings related to conservation or operations for a period of 30 years.

Insert 2

The CHAIRMAN. . . .

I want to talk about cotton a little bit, China has, by some reports, a 57 million bale strategic reserve, something on the order of four to five times U.S. production. We are not real sure what they are going to do with it and why, and it has a big overhang on the market that is having some impact. Can you talk to us about what you and the USDA have done to communicate, either directly to the Chinese or to the WTO, our concerns about what they might or might not be doing with respect to their cotton policy, and the high subsidies they are paying?

Secretary VILSACK. Congressman, I appreciate you bringing this issue to—bringing it up. You know, our conversations with China in the last several years have been focused primarily on their regulatory system and process, and trying to get it better synchronized with ours, in terms of regulatory approvals. If I can ask for your permission, I would be happy to get you a more detailed conversation on what the communications have been relative to cotton in China.

I can tell you that we have established a China-American business group in China, the purpose of which is to allow us to not only inform the Chinese

⁵*Ibid.*, pp. 7–8.

through official circles, but also to engage Chinese officials and Chinese business leaders in these conversations. But let me get you more information on cotton.

Over the past year, USDA and the Office of the U.S. Trade Representative (USTR) have used the World Trade Organization (WTO) Committee on Agriculture (COA) to seek increased transparency on China's domestic support policy for cotton and cotton stocks. In written questions to China, the United States has pushed for China to come up-to-date on its required domestic support notifications. China's last notification was for 2008. The United States with the support of other WTO members has also asked for information on subsidy measures associated with China's price support and management of cotton stocks. Most recently, at the WTO COA meeting on March 21, 2014, the United States requested that China provide an analysis of the economic impact and effects of China's management of cotton stocks. Currently, USDA's Foreign Agricultural Service (FAS) and USTR are preparing a response to China's submitted analysis provided in late May, which states that "China's cotton reserve has limited impact on the world cotton market." Questions posed by the United States and responded to by China are publicly available on the WTO COA website, <https://agims-qna.wto.org/public/Pages/en/Search.aspx>. The most recent question and response is identified as ID: 73035.

Recognizing that China's official cotton market information collection system lacks reliable data, FAS Agricultural Affairs Office in Beijing is following the cotton stock situation closely and has reported on changes in policy, starting from the creation of the price support program in 2011. Most recently, in April 2014, FAS/Beijing published the *Cotton and Products Annual Report* for China, reporting that the government's changes to its cotton production support policy for Marketing Year 14/15 narrows eligibility and is expected to lower farmer payments and financial incentives for planting. The report is available at http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Cotton%20and%20Products%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_4-1-2014.pdf.

Insert 3

The CHAIRMAN. . . .

Let us talk a little bit about the SNAP program, and the able bodied adults of age—under the age of 50 with no dependents. Now that unemployment nationwide has come down to 6.7 percent, can you talk to us a bit about what your plans are to continue granting waivers to states who have asked for those waivers for folks in that category to stay on food stamps beyond the normal 3 month category?

Secretary VILSACK. Mr. Chairman, there is a real opportunity in this area, and, for that matter, the entire SNAP population, to do a better job of connecting work opportunities with folks on SNAP who are interested in working, and who are capable of working. That is why we are excited about the portion of the farm bill that creates the opportunity for us to have up to ten pilots with states to do a better job of connecting. The fact that we have these pilots is going to send a strong message about the important work that states must do a better job of using the education and training money that they have to actually do a better job of getting folks better connected.

We think there is a disconnect between economic development and workforce development offices at the state level and human services offices. These folks know where the jobs are. These folks know who is looking for a job. For whatever reason, they are not doing a particularly good job of talking. We provide several hundred million dollars to encourage that kind of conversation. We need to do a better job of compelling that conversation.

We will be happy to take a look at the waiver issue. . . .

We will communicate with the Committee once we have the results of the pilots in 2015.

Insert 4

Mr. COSTA. Thank you very much, Mr. Chairman. I want to thank the Secretary for his good work, and his staff. Speaking of which, I want to acknowledge that one of your staff members who is departing used to work for many of us here in the House Agriculture Committee, and that is Ann MacMillan, and we wish her the very best in her future endeavors, Mr. Secretary.

Your opening statement talked about the good, and the bad, and the challenges American agriculture faces. On the plus side, you noted that record profits, due in large result to trade activity, has been occurring throughout American agriculture. Have you done any evaluations, the Department, on what the

benefits would be if the TTIP, the trade negotiations between ourselves, and the Europeans, and the TPA, were to be successfully negotiated?

Secretary VILSACK. Well, we are confident that it would substantially increase trade activities, Congressman. I can get you the specific dollar amounts.

A TTIP agreement that delivers meaningful market access would provide a significant boost to U.S. exports and the rural economy. U.S. agricultural exports to the European Union are now projected to be \$12 billion for FY 2014, a figure that can and should be much higher, but is hindered by EU tariffs and non-tariff barriers.

The EU imported nearly \$135 billion of agricultural products from global sources in 2013, up more than 150 percent from 2000. Yet, U.S. agricultural exports to the EU grew by only 82 percent during this period while our exports to the world grew by 181 percent. The EU's average agricultural tariff is 30 percent, while the average U.S. agricultural tariff is only 12 percent. The Administration is seeking in TTIP to eliminate tariffs on exports. Through the TTIP we are seeking commitments from the EU to eliminate or reduce non-tariff barriers, such as unwarranted sanitary and phytosanitary (SPS) restrictions, unjustified technical barriers to trade (TBT), and other "behind-the-border" barriers, including the restrictive administration of tariff-rate quotas and permit and licensing barriers, which impose unnecessary costs and limit competitive opportunities for U.S. exports. The dollar value of the benefits of a TTIP agreement will hinge on how rapidly tariffs fall and non-tariff barriers are dismantled, clearing the way for increases in U.S. agricultural exports.

Insert 5

Mr. CRAWFORD. Thank you. And, finally, H.R. 933, Continuing Appropriations Act of 2013, was signed over a year ago. Had some language in it, Section 742, that required USDA to rescind sections of the original GIPSA rule, having to do with the suspension of delivery of birds, and with making the rule applicable to live poultry. The Department was required to rescind those within 60 days, and it is my understanding that hasn't occurred yet. Can you give me an idea when that is going to be completed?

Secretary VILSACK. I will have to get back to you on that, Congressman. I don't know.

At the present time, there are no plans to rescind those regulations.

Insert 6

Ms. LUJAN GRISHAM. . . .

In June of last year the Forest Service conducted a civil rights compliance review that included Region 3 in New Mexico, and found that they were non-compliant with several civil rights requirements. Now, the report detailing these findings, and suggested corrective actions to be taken, directs the Forest Service to develop a detailed corrective action report, within 60 days of the receipt of the report. It states that the plan must also include any progress made in these areas since the review. Can you provide me with any updated information related to both the corrective action plan, and progress to date on implementing, and going through those review processes?

Secretary VILSACK. Congresswoman, I would be happy to have our team and our staff provide you with details. So, if you don't mind, I am going to answer your question a bit more generically and generally.

Civil rights compliance reviews are part of USDA's ongoing effort to determine how well its programs and activities are being conducted and to help ensure that they are available to all communities in a fair and even-handed manner pursuant to law. We view the compliance review as an opportunity to better serve our constituents.

The Forest Service has been working in collaboration with in the Office of the Assistant Secretary for Civil Rights within USDA to implement solutions to the areas of improvement noted in the review. Importantly, the Forest Service is engaged in an extensive, long term effort to update handbooks and manuals regarding grazing permits, and is committed to working with the Hispanic ranching community as well as other stakeholders during this process. Regional leadership is engaging with local stockman's associations and listening to their concerns. In addition, FS has undertaken several initiatives designed to improve service such as civil rights training for FS regional staff, technical training for customers, and the development of a Forest Service plan to address customers with limited English proficiency. FS will continue to work with the Office of the Assistant Secretary for Civil Rights to ensure better program delivery and equal access to FS programs.

Other accomplishments to date:

Program Delivery (Title VI) Training has been conducted to the following regional staff areas:

- Regional Civil Rights Committee, which are FS employees representing the 11 Forests within the region. (c. May 28, 2014)
- Special Emphasis Program Managers and Civil Rights Action Group Members, Coronado National Forest. (c. March 12, 2014)
- Recreational Staff, Coronado National Forest, Special Uses Permit, 101 Training (c. April 10, 2014)

Region 3 (New Mexico and Arizona Forests) leadership is also working to develop strategies and action plans as necessary to address the issues identified in the CR compliance review. Plans will include identifying training needs for program managers, field leaders and the public.

Insert 7

Mr. LAMALFA. Thank you so much. Jumping to forestry, I mean, in California, that old saying, you can't see the forest through the trees, got too dang many trees. So we need to get a lot more yield out of our forests. One of our units up there in the northeast, they had, as an original goal, 32 million board feet. I hear now they are only going to come up with 12 million board feet in this year. A couple of my colleagues did mention board feet, and yield, and all that, and we need a lot more help. We need a lot more help on the salvage side of it too, where we have frustrated vendors out there, foresters that would like to get after salvage. . . .

So I throw all these things out as—could you help us clarify a little bit later too on where the authorization really lies to make the decisions on the forest units? Is it in California, in Vallejo, or is it in Washington, D.C.?

Secretary VILSACK. Well, I know that in D.C. we basically set a goal, and, as I indicated earlier, I track it on a monthly basis. I am under the assumption that these decisions are not made in D.C. In terms of specifics, they are made at a much more local level, but I want to verify that, and make sure that I am giving you correct information.

The national and regional offices provide policy direction and targets for a variety of restoration work activities, including timber volume sold. The environmental analysis and the decision memos that lead to individual timber sales and stewardship contracts are typically completed and signed at the National Forest level.

SUBMITTED QUESTIONS

Response from Hon. Thomas “Tom” J. Vilsack, Secretary, U.S. Department of Agriculture

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

Question 1. Last week the EPA released its “waters of the U.S.” proposed rule. Within that rule the EPA has issued an “interpretive rule” to “clarify” that a long list of conservation practices are exempt from “dredge and fill” permit requirements under the Clean Water Act section 404 exemption for “normal” farming and ranching activities—*so long as the practices comply with NRCS standards*. So as I understand it, a farmer only qualifies for any one of these exemptions if the farmer follows NRCS standards. Is that correct?

Answer. The proposed rule preserves all existing agricultural exemptions under the Clean Water Act. The interpretive rule clarifies the scope of the existing statutory exemption found in section 404(f)(1)(A) of the Clean Water Act. Under the interpretive rule, 56 conservation practices do not require a Clean Water Act Section 404 permit when occurring in waters of the U.S., if they are implemented in accordance with NRCS conservation practice standards. The corresponding NRCS conservation practice standards provide guidelines for implementation of those practices, which ensures that these conservation activities meet the intent of protecting and enhancing water quality.

Question 1a. Will it be NRCS or the EPA who will inspect each farming operation who claims this conservation exemption?

Answer. The conservation practices identified in the interpretative rule will be treated the same as all other long-standing agricultural exemptions under section 404 of the Clean Water Act; there is no requirement for approval, notification, or

inspection, prior to installing the conservation practice nor is there a requirement for verification of the installed practice.

The EPA and the Army/Corps will not seek out operations that may have performed exempt activities; however, they may respond to notifications or reports of potentially unauthorized non-exempt activities.

Question 1b. If a farmer does not follow an NRCS standard, is that farmer violating the law and subject to a \$37,500 per day fine?

Answer. Under the interpretative rule, the identified conservation practices do not require a CWA Section 404 permit when they occur in waters of the U.S., if they are implemented following NRCS conservation practice standards. Failure to follow the requirements of the CWA exemption is a violation of the CWA. The agencies' intent is to work with farmers to help them meet applicable standards and to correct any problems that may develop—not to seek fines.

Question 1c. Will farmers be subject to the citizen suit provision of the Clean Water Act for alleged failure to comply with NRCS standards?

Answer. The interpretative rule does not modify the scope of rights afforded to citizens under Section 505 of the Clean Water Act.

Question 2. What role will the EPA and Army Corps of Engineers have in future revisions of these standards?

Answer. The development, review, and revision of conservation practice standards are the sole responsibility of USDA/NRCS. NRCS develops these standards to guide its work with farmers, ranchers, and forest landowners in conserving natural resources in balance with a productive agriculture. In accordance with the Memorandum of Understanding that guides how the three agencies will cooperate in implementation of the interpretive rule, NRCS will meet with the EPA and the Army/Corps annually to discuss appropriate adjustments to the list of practice standards exempt from CWA section 404 permitting.

Question 3. Is it true that any—or all—of these “exemptions” can be changed, curtailed or even eliminated by NRCS without notice to the public and without public input?

Answer. NRCS reviews its existing conservation practice standards on a rolling schedule and the standards are subject to a public process including a public notice and comment period through the *Federal Register*.

Question 3a. How does that compare to current law? Must a farmer currently meet NRCS standards to qualify for ‘normal’ activities that are exempt under Sec. 404?

Answer. Under current law, normal farming activities, such as plowing, cultivating, minor drainage, and harvesting for the production of food, fiber, and forest products, or upland soil and water conservation practices are exempt when they are part of an established, on-going farming operation and do not change the use of waters and impair the flow or circulation or reduce the reach of waters. The interpretive rule clarifies the scope of the normal farming exemption to include conservation activities occurring in waters of the U.S.

Question 3b. Could you please tell the Committee—or submit for the record—the process by which NRCS establishes these standards, what input farmers have in their development, and what happens if farmers disagree with NRCS?

Answer. The NRCS conservation practice standards are science-based, drawing upon agricultural, academic, and practitioner input. NRCS reviews its existing conservation practice standards on a rolling schedule. The standards are subject to a public notice and comment process through the *Federal Register* to ensure opportunity for input. Final standards reflect public comment and the best science—basic and applied—at the time. Following these standards is voluntary; farmers may obtain a permit for activities regulated under Section 404 of the CWA if they do not want to follow the conservation practice standards.

Question 3c. What role will the EPA and Army Corps of Engineers have in future revisions of these standards?

Answer. EPA and Army Corps may provide input on NRCS conservation practice standards through the public process along with other commenters; however, the development, review, and revision of conservation practice standards remain the sole responsibility of NRCS.

Question 4. Exemption No. 382 on the list says simply “fence.” Am I correct in concluding that a farmer must build a fence on his property according to the way NRCS says it must be done, otherwise that farmer no longer qualifies for the conservation exemption and is then subject to penalties under the Clean Water Act?

Answer. The agencies believe that in the vast majority of circumstances, fencing does not require a CWA permit and therefore the 404(f) exemption is unnecessary

and construction of fences is not subject to enforcement. In the unusual case where construction of a fence is subject to the statute, no permit is needed if the fence is built in accordance with the conservation practice standard.

Question 5. Section 404(f) states in part that “the discharge of dredged or fill material . . . from normal farming, silviculture, and ranching activities such as plowing, seeding, cultivating, minor drainage, harvesting for the production of food, fiber, and forest products . . . is not prohibited by or otherwise subject to regulation under this section.” Of course, there is also the ‘recapture’ provision which takes away those exemptions if there is a change of use. But my question is this: How can you read Section 404(f) and arrive at the conclusion that the Clean Water Act authorizes EPA to fine farmers \$37,500 per day if they do not follow Federal fence-building requirements?

Answer. In the vast majority of circumstances, fencing is not expected to involve a discharge of dredge and fill material and does not require a section 404 CWA permit and would not be subject to enforcement. In the unusual case where construction of a fence is subject to the statute, no permit is needed if the fence is built in accordance with the conservation practice standard.

Question 6. The agreement you have with EPA on NRCS practices only impacts 404 permits correct? Producers will still need 402 permits for any spray drift that touches any ditch or stock pond because your Administration’s agencies have made them Federal waters, isn’t that true?

Answer. The proposed rule is not expected to alter the scope of waters, including ditches and farm/stock ponds, subject to the CWA. As a result, the agencies do not expect to see any significant change in waters on agricultural lands subject to the 402 program.

Question 7. What agency will spot check and enforce the NRCS Standards on these “exemptions”? Does NRCS have the staffing and budget for this role?

Answer. This exemption is treated the same as other long-standing agricultural exemptions under section 404 of the Clean Water Act. There is no requirement for approval, notification, or inspection prior to installing the conservation practice, nor is there a requirement for verification of the installed practice. NRCS does not have a Clean Water Act enforcement role. The EPA and the Army/Corps will not seek out such operations which may have performed exempt activities; however, they may respond to notifications or reports of potentially unauthorized non-exempt activities.

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

Question 1. Do you have a timeline for when the education and web tool funds provided in title I of the farm bill will be available to extension and land-grant economists and specialists?

Answer. On May 29, USDA announced the University of Illinois (lead for the National Coalition for Producer Education [NCPE]), along with the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri and the Agricultural and Food Policy Center (AFPC) at Texas A&M (co-leads for the National Association of Agricultural and Food Policy [NAAFP]), will receive a total of \$3 million to develop the new online tools and train state-based extension agents who can in turn help educate farmers.

USDA also announced on May 29 that it will also award \$3 million to state cooperative extension services—a nationwide network of experts based at land-grant universities—for outreach and education on the new farm bill programs. Funds will be used to conduct public education outreach meetings where producers can speak with local extension agents and Farm Service Agency (FSA) staff. Outreach meetings will begin late this summer to help farmers and ranchers understand the new programs and their options.

Question 2. Do you have a timeframe yet for when you may start the rulemaking on updating the actively-engaged rule in regard to management?

Answer. USDA intends to publish the proposed rule by the end of 2014.

Question 3. FSA computers—With passage of the farm bill and changes to current programs, it will be vital for FSA county offices to be able to handle the workload. With that in mind, could you please give me details on the much needed upgrades to FSA’s computer system, or “MIDAS”, and the reception of the improvements in field offices? Have there been any bumps in the road?

Answer. The two remaining business applications on the 1980s-era AS/400 systems, the Marketing Assistance Loans (MAL) application and the Farm Storage Facility Loans (FSFL), are scheduled to be modernized to the web by 2015, allowing for the previous hardware to be decommissioned.

MIDAS seeks to modernize the current system, in which our 2,175 state and county offices and the 9,000+ employees in them utilize multiple systems when dealing with producers who come into the county offices and move between systems (e.g., on the AS400, the web systems, mainframe systems, GIS systems, *etc.*) to enroll producers into programs. Prior to MIDAS going live with its first release last year, county office employees used hard copies of farm maps to work with the producers on acreage volumes/content, as well as perform a great deal of manual processes in these activities. Once MIDAS deployed its first release, Farm Records, in April 2013, which established foundational data and processes allowing field offices to update farm, producer, and Common Land Unit records and prepare for taking acreage reports, it provided county office employees a consolidation visualization of the farm, eliminating the reliance on paper maps. The deployment also included farm records with GIS integration, producer information, and common commodity data. FSA has also completed the consolidation of geospatial data into a centralized database, eliminating dependency on outmoded servers and extending the GIS functionality for FSA's service center personnel. Together, GIS modernization and MIDAS enable FSA to enhance program delivery and support, allow for timelier implementation of programs, and allow for the integration of geospatial data with business operations.

While it is common for a temporary decrease in operational performance to occur with the implementation of most new technologies, concerns experienced by users with the Farm Records release have largely been addressed, and by polling the information technology and field office staff, we know they are generally positive about the current release and upcoming MIDAS releases.

Since the deployment of Farm Records last year, we have been reworking our vision for MIDAS. While we are still finalizing this vision, we anticipate future releases will include functionality for acreage and inventory reporting, customer self-service, streamlined creation and maintenance of producer information and maintenance of historical information and report capabilities. This will provide farmers and ranchers with the opportunity to access their records online and to manage their farming operation information using the Internet anytime and anywhere. MIDAS will also streamline acreage and inventory reporting for both customers and staff, and enable data-sharing across programs, agencies, and offices, greatly simplifying the administration of these programs. When completed, our vision is that MIDAS will provide a 'single view' of producer data, bridging system related activities behind the system, so producers' crop and acreage reports, farm records and 'maps', or the geospatial views of their farms are combined with their farm information.

Question 4. Office of Civil Rights—I continue to hear concerns about your Office of Civil Rights. Please provide a picture of the status of civil rights claims pending in that office, including an accounting of claims pending or that have reached the statute of limitations under the Equal Credit Opportunity Act.

Answer. In 2009 USDA had an inventory of 1,718 employment discrimination complaints. Today, the Office of the Assistant for Civil Rights (OASCR) has reduced its inventory to 1,119: 681 of these complaints are in abeyance pending a decision by the Equal Employment Opportunity Commission. USDA has led the Federal government in enforcement through administrative findings in each of the last 4 years and brought the ratio of complaints per employee below the Federal average.

In 2009, USDA faced a backlog of thousands of complaints of discrimination in USDA programs. The inventory had not been organized to safeguard complainants' rights to file in court. Many contained claims under the Equal Credit Opportunity Act (ECOA), and USDA faced the risk that the ECOA statute of limitations would expire before complaints could be resolved on a daily basis. Today, OASCR has resolved all but 356 program civil rights complaints. USDA carefully tracks all open complaints against the statute of limitations to ensure that complaints are resolved before it expires. The statute of limitations has not expired on any program complaint since 2010.

OASCR's inventory includes 112 complaints on which the statute of limitations expired. OASCR continues to pursue options to provide a fair and consistent framework for addressing these complaints.

Question 5. FSA offices—There is a lot of concern about the possibility of FSA county office closures. I have read that you don't anticipate any closures this year. Do you have any more details you can share on the "spoke and hub" concept that we are hearing about?

Answer. FSA is working to develop a new service delivery concept to restructure and modernize how FSA services are provided to farmers and ranchers. The concept proposes to classify each of FSA's county offices as central, branch, or satellite, based on service needs and available resources. FSA will be sharing additional details of this concept as they become available.

Question 6. When will you be able to share your plans for this effort with Members of Congress?

Answer. As required by the 2008 Farm Bill, plans will be shared with Members of Congress before announcing a new policy.

Question 7. Are you going to work with your State Executive Directors and county office and credit employees, along farm and commodity groups in each state on how best to “right size” FSA and still provide adequate service in the field?

Answer. Yes, FSA has created an advisory group of its State Executive Directors, and has solicited information from its employee association stakeholders on the Model Service Center concept and implementation strategies.

Question 8. USDA field offices—With anticipated office closures, either in FSA or in Rural Development offices, what is the 3 year picture at USDA for downsizing in both field locations and employee numbers?

Answer. During the last several fiscal years, reductions in appropriations for salaries and expenses have led to significant reductions in personnel and administrative expenditures for both FSA and RD. Through staff attrition, voluntary early retirements and buyout programs since 2010, FSA has eliminated more than 3,000 staff, or a 20 percent reduction and RD has decreased their workforce from over 6,000 in 2008 to less than 4,800 in 2014. The FY 2015 budget proposes closing or consolidating 250 offices. This level assumes continued reductions in appropriations for salaries and expenses, as evidenced in previous years, and a shift in workload activity. No office closure plan has been approved at this time, however, and FSA has not compiled a list of specific offices to close.

Given significant decreases in staffing levels over the past few years, RD is also in the process of evaluating whether or not to close or consolidate offices. To date no approvals have been granted for office closures or consolidations. RD will continue to collaborate with state leadership, employee associations, and stakeholders to maintain efficient delivery of our programs while taking into account the need to modernize and align staffing levels with, program delivery and available resources.

Question 9. NASS Reporting—Given budget constraints, NASS had to suspend some reporting that was critical to the livestock industry. What is the current status of that reporting? Is NASS doing anything to refocus their efforts on critical reports?

Answer. In an effort to meet stakeholder needs, NASS works diligently to identify opportunities to provide data to support the agricultural industry. Many programs were suspended during fiscal year 2013, including many critical to the livestock industry. Of the seven programs suspended, five have been restored. Specific program level updates are included below.

NASS Catfish Processing: After a period of stakeholder input, it was decided this report would not be restored.

Catfish Production: In February 2014, the Annual Catfish Production report was issued, and in July 2014, the July Catfish Production will be issued.

Catfish Feed Deliveries: After a period of stakeholder input, it was decided this report would not be restored.

Trout Production: In March 2014, the Annual Trout Production report was issued.

July Cattle Report: The survey program was restored and July Cattle report will be issued in July 2014.

Mink Program: The survey program was restored and the annual Mink report will be issued in July 2014.

Milk Production: The survey program was restored and full Milk Production report was restored in fiscal year 2014.

Question 10. NASS Reporting—NASS releases preliminary data before the final month prices are available, given the volatility in the market place, should those reports continue? Would NASS efforts be better focused on releasing price information on a timelier basis?

Answer. In an effort to evaluate the Price Program, NASS embarked on a “Voice of the Customer” initiative to listen to data users’ concerns. As part of this initiative, NASS has found that data users do not find preliminary prices useful in projecting full month prices. This is particularly difficult during times of volatile price movement. Preliminary prices represent spot market prices collected around the 15th of the month for some commodities or sales transactions during the first two weeks of the month for others. As a result of this initiative, NASS will eliminate preliminary prices beginning with the January 2015 monthly *Agricultural Prices* report. The methodology for producing commodity prices will remain unchanged. The indexes will be based solely on full month prices and will lag 1 month. The elimi-

nation of preliminary prices allows the *Agricultural Prices* report to be released a few days earlier in the month, since significant price data are not available until later in the following month. The release of the January report will remain on the last business day, as mandated by law.

Question 11. NASS Reporting—Are we facing a situation where private companies may end up having more and better data regarding agricultural production in the U.S. than the Federal Government? Is this a concern, and are there discussion underway on how to increase the quality of NASS’ data?

Answer. NASS forecasts and estimates have always been subject to question by those that use the data. This happens primarily when the NASS results do not match what is expected. These expectations can be based on many factors, however each individual entity has their own biases and motives affecting their opinions. NASS provides the only unbiased estimates, based on the most comprehensive data source available.

NASS takes these and all concerns very seriously and evaluates all estimating programs on an ongoing basis to ensure that all processes and procedures are statistically reliable and utilize the best methods possible.

NASS continues to provide the most comprehensive, unbiased estimates available within the agriculture industry. These estimates, though sometimes scrutinized, remain the “gold standard” against which all other estimates are measured. As new technologies emerge and various industries evolve, NASS will continue to adjust and adapt as necessary to maintain the best data available in service to U.S. agriculture.

Question 12. Office of Advocacy & Outreach—The Office of Advocacy and Outreach was created to serve a varied but growing—and increasingly important—sector of agriculture. Can you please tell me if you feel it is meeting the needs of small, beginning, veteran, and minority producers, especially given the increasing budget pressure on USDA?

Answer. The Office of Advocacy and Outreach (OAO) is committed to accomplishing its mission of meeting the needs of small, beginning, veteran and minority producers (subject groups) in light of current budget challenges. OAO works across all USDA agencies in a coordinated approach to provide outreach, training and education to the subject groups. OAO has built relationships with numerous community-based and agricultural organizations to carry out its mission. OAO participates in numerous outreach conferences and meetings throughout the country. OAO hosts USDA Partners and Outreach Coordinator Meetings encouraging dialogue between the subject groups and partners, stakeholders and USDA officials. Below are some specific actions OAO takes to further this mission:

- Provides oversight and coordination with the Beginning Farmers and Ranchers Advisory Committee, as well as the Minority Farmers Advisory Committee, providing recommendations for the Secretary to improve service to small, beginning, veteran and minority producers.
- Manages the Minority Farm Registry in an effort to improve communications with registrants.
- Provides oversight and management of the REGStats system to demonstrate transparency on the utilization of farm-related programs by race, ethnicity and gender.
- Collaborates with other Federal agencies and non-governmental organizations in an effort to provide education and outreach to our constituents through Memoranda of Understanding (MOUs).
- Manages USDA’s customer service line.
- Serves as the lead on the Small and Beginning Farmers Working Group.
- Enforces the requirement for completing the USDA Cross Training course to ensure field staff is equipped with knowledge to effectively assist customers in USDA Service Centers.

In addition, OAO is working to implement two provisions of the 2014 Farm Bill: Receipt for Service, in coordination with FSA, NRCS, and RM, and the Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers Grant Program under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990.

Our fostered partnerships formed with internal and external officials serve as the mouthpiece for providing feedback to USDA agencies on issues of concern from these groups. This has been an effective means of increasing equitable access to all USDA programs and services.

Question 13. “Rural Corps”—Your FY15 budget talks about a “Rural Corps” to put economic development staff in the field to focus on “high-need” areas. Can you elaborate on this concept and what you consider to be “high-need” areas?

Answer. In total, the budget proposes 250 additional staff years for Rural Development in FY15. Of this total, approximately 100 would fill portfolio management and other core functions in the national office. The remaining 150 staff would be located in the field. Of the 150 placed in the field, a very small number—no more than 50—would be part of the proposed 21st century workforce pilot called Rural Corps.

This pilot would test ways of

- (1) Serving high-need areas, like the Delta, Appalachia, the Southwest Border, and Indian country.
- (2) Modernizing Rural Development’ field structure to suit a 21st Century workforce and to reflect the changing dynamics of rural America, new technology, and the deep challenges in areas of persistent poverty.
- (3) Leveraging federal investments through increased coordination among Federal; state, local, private, and nonprofit partners; and
- (4) Building a modern workforce that is mobile, flexible, responsive, outcome-oriented and accountable.

This new staff would deliver technical assistance and coordinate and leverage resources from all Federal agencies. These responsibilities would differ in a few key ways from the responsibilities of current Rural Development employees.

For example, most Rural Development staff who work in State, Area, and Field offices are hired for a very specific and relatively narrow set of duties. In many offices more than 50–60% of staff work specifically and exclusively on Rural Housing Service loans, loan guarantees, and Multi-Family housing programs. In a state with 50–60 employees, this means approximately 30 people are doing housing work and ten are running Rural Development’s other programs, including community facilities, water/wastewater, business, and energy programs.

To better serve and meet the needs of rural communities and to do more to respond and support locally-identified to the economic development priorities, staff who are part of Rural Corps would be selected for a different and broader skill set. For example, Rural Corps staff might be selected for expertise in community planning or economic development, and be cross-trained to understand resources and opportunities across USDA and across the Federal Government, as well as in the state and region where they work.

As you noted, Rural Development is particularly interested in serving areas of high need, so in determining locations for this pilot, we would look to areas of low income and persistent poverty.

Persistent poverty counties are those where 20% or more of the county population has had poverty level household incomes for the past 30 years. Because counties vary so much in size and population, Rural Development is also making use of census tract data to identify areas of high need.

Question 14. Microloans—You have announced that a number of changes that were made in the farm bill to FSA credit programs are now effective. On microloans, is the \$50,000 limit included in the statute in place? If not, when will it become effective?

Answer. The limit for microloans remains in place at this time; the rulemaking process is required to increase the limit from \$35,000 up to \$50,000, a process that is expected to be completed in the fall of 2014.

Question 15. Microloans—When will the microloan relending pilot be up and running?

Answer. Evaluation of the feasibility of this project is continuing. Loans made under this authority would be the responsibility of the third party lender, who then would be subject to the loan eligibility and servicing requirements required by statute. At this time, it is not clear whether, given the complex requirements involved, a pilot could be effectively utilized, or whether the Agency should instead focus efforts on alternative approaches through pilot authority to reach urban and other underserved areas and sectors with microloans.

Question 16. CRP sign-up—Are you planning on a general Conservation Reserve Program (CRP) sign-up in Fiscal Year 2014? If not, are there plans to do an extension of contracts expiring on September 30th of this year?

Answer. USDA has announced plans to offer a 1 year extension for expiring contracts *in lieu of* a general sign up in Fiscal Year 2014.

Question 17. CRP early out—The farm bill allows the Secretary to allow for existing contracts that have been in CRP for 5 years to take an early out option in FY15. How soon will landowners be able to utilize this option?

Answer. Section 2006 of the Agricultural Act of 2014 requires the Secretary to offer producers the opportunity for early termination of CRP contracts in FY 2015 if the contracts have been in effect for at least 5 years. The following are excluded by statute from the early out provisions: filter strips, windbreaks, and shelterbelts; wetlands; land with an erodibility index greater than 15; land devoted to hardwoods trees; special habitat acreage; farmable and restored wetlands; land that contains diversions and other control structures; land located within designated wellhead protection areas; land within an average width of perennial streams or permanent water bodies; and, land in CREPs. Producers who exit their contracts may continue to keep the land in grass or plant crops, subject to conservation compliance requirements. USDA plans to provide further information on this option later this summer.

Question 18. CRP early out—I realize the statute directs you to allow for the early outs in FY15, but with the other additional authority to allow land prep in the last year of a CRP contract, I think participants in some northern regions of the country are hoping that might allow them to be able to work the land yet this year in preparation for planting a 2015 crop. Will this be possible?

Answer. USDA is aware of this interest among some participants and recently announced that producers will have the opportunity to sign-up this summer for early outs in FY 2015. Details on this sign-up are expected this summer to allow producers to prepare for a 2015 crop.

Question 19. Compliance + Sodsaver—When should we expect to see rule-making further clarifying conservation compliance relinkage with crop insurance as well as the changes to the crop insurance program and NAP required under the Sodsaver provision in the farm bill?

Answer. For conservation compliance, USDA plans to amend crop insurance policies effective for the 2015 reinsurance year (July 1, 2014–June 30, 2015) to inform every policyholder of the new conservation compliance requirements, and publish a rule (7 CFR, part 12) late this summer to provide the details involved with connecting conservation compliance with crop insurance. Under Section 2611 of the Agricultural Act of 2014, the Secretary shall use existing processes and procedures for certifying compliance with the conservation compliance provisions for crop insurance purposes. Therefore, RMA plans to use the same processes that FSA has used since enactment of the 1985 Food Security Act. A Fact Sheet and Frequently Asked Questions will be published to assist in educating producers.

For program changes and impacts relating to the tilling and production of annual crop on native sod acreage, known as “Sodsaver,” regulations are expected to be published by June 30 and will be applicable to most crops for the 2015 crop year. In addition, program procedures and training will follow shortly thereafter.

Question 20. Cellulosic—There has been a lot of press lately about cellulosic ethanol and how there isn't enough production to meet even lowered targets. However, it is my understanding that there are several projects underway that will start producing cellulosic ethanol this year. Are you aware of the status of the POET and DuPont plants in Iowa and the Abengoa plant in Kansas?

Answer. At this time, USDA is not playing a financing role in any of the plants listed.

Question 21. RESPA—The farm bill established separate authority for the Rural Utility Service to work with local electric co-ops to use on-bill financing to encourage their customers to undertake energy efficiency upgrades. Can you tell us when the RESPA authority will be available? Does it need new funding?

Answer. The 2008 Farm Bill added energy efficiency and conservation as explicit purposes for which RUS could make and guarantee loans. RUS issued a Final Rule implementing this authority in December 2013. The RESPA provision in the 2014 Farm Bill is similar in many respects to the Energy Efficiency and Conservation Program RUS recently began implementing under that new rule. The key difference between the RESPA provision and the RUS Energy Efficiency and Conservation Loan Program is the RESPA provision's zero interest rate loan feature. This major feature would require budget authority to implement and none has been appropriated.

Question 22. There has been some criticism of work being done on climate change by the Administration. Can you tell the Committee what USDA's role has been in the Administration's efforts on mitigation?

Answer. USDA continues to support voluntary, incentive driven approaches to cutting emissions using the tools available in farm bill conservation programs. These programs can help farmers and ranchers reduce emissions through actions they are

already taking such as improved nutrient management, on-farm energy efficiency and other conservation measures. Specifically, USDA has been involved in the President's Climate Action Plan in the following ways:

- USDA has invested in more than 6,600 projects from 2009–2012 to help thousands of rural small businesses, farmers, and ranchers improve their bottom line by installing renewable energy systems and energy efficiency solutions that will generate and save enough energy to power 680,000 homes annually. Recently, Secretary Vilsack announced a new \$250 million loan program aimed at helping rural utilities finance energy efficiency and renewable generation investments for producers and rural communities.
- USDA has also entered into a unique partnership with the US Center for Dairy Innovation to voluntarily reduce the industry's methane emissions from dairy cows and to increase the adoption of methane digesters. To date, USDA investments have supported over 80 anaerobic digesters to help farm operations produce electricity from captured methane. While only roughly 200 U.S. farms currently operate digesters, according to EPA estimates, there are approximately 8,200 dairy and hog farms nationwide that could successfully operate a digester. Under the President's Climate Action Plan, USDA and the dairy industry are working to develop a Biogas Roadmap to broaden incentives for greenhouse gas reductions.
- In an effort to more effectively mitigate climate-related risks, USDA announced in February 2014 the establishment of seven regional hubs for risk adaptation and mitigation to climate change. These Hubs will deliver science-based knowledge and practical information to farmers, ranchers and forest landowners on a regional basis to support decision-making related to climate change. The Hubs will develop and communicate *voluntary, science-based solutions* for our nation's farmers, ranchers, and foresters to utilize in solving drought, pest and other problems they are facing on their lands.
- Carbon offsets offer additional opportunities. In 2010, NRCS invested \$17 million through farm bill programs to help farmers, ranchers and forest landowners develop and implement carbon sequestration and emissions reduction activities. In 2013, NRCS, along with partners Ducks Unlimited, The Climate Trust, and the Nature Conservancy, announced a new methodology adopted by the American Carbon Registry for carbon credits generated from grassland conservation in the prairie pothole region. The project is expected to begin sales of voluntary credits later this year. Other NRCS-sponsored offset projects, ranging from methane reductions in rice production to improved nutrient management, are nearing this point as well.

Question 23. The EPA Administrator was asked at a hearing in another Committee about the work done by USDA with the dairy industry on methane digesters. Would like to elaborate on your partnership with the dairy industry?

Answer. The Department has teamed with the Innovation Center for U.S. Dairy for the purpose of reducing bovine related greenhouse gas emissions. In 2009, a goal and Roadmap were established to reduce greenhouse gas emissions by 25% by the year 2020 across the entire dairy value chain. The team is also committed to accelerating and streamlining the process for adopting anaerobic digesters by the United States dairy farm operators through various USDA programs including the Rural Energy for America Program (REAP). Since 2009, REAP has awarded almost \$45 million in grants and loan guarantees toward 53 anaerobic digester projects.

Question 24. "Waters of U.S."—It sounds as if USDA was involved in the proposed rulemaking that EPA and the Army Corps published last week on trying to define "waters of the United States". Can you give us your take on if a farmer or rancher continues to use their land for agricultural activities; are they are facing any changes in what's needed of them under the Clean Water Act as a result of this proposed rule?

Answer. It is USDA's understanding that the proposed rule preserves all existing statutory and regulatory agricultural exemptions under the Clean Water Act. As a result, farmers, ranchers and foresters can continue to conduct the same normal farming, ranching and forestry practices as part of an established ongoing operation without the need for a CWA permit.

Question 25. "Waters of U.S."—There are concerns that the proposed rulemaking goes beyond the definition of "navigable waters" found in the Clean Water Act. Did the agencies struggle with how to reflect the Supreme Court's decisions via rule-making? How important do you think it is for Congress to further clarify what constitutes "navigable waters" under the Clean Water Act?

Answer. USDA feels this question would be better posed to EPA and the Army Corps because they are the agencies in charge of the proposed rule and the rule-making process.

Question 26. “Waters of U.S.”—There was an MOU signed between USDA and the EPA and Army Corps. Can you tell us more about this and the “interpretive rule” that was also a part of the proposed rulemaking on defining “waters of the U.S.”?

Answer. The interpretive rule addresses the scope of the “normal farming, silviculture, and ranching activities” exemption found in section 404(f)(1)(A) of the Clean Water Act (CWA). The interpretive rule clarifies that “normal farming . . .” activities is not limited to but does include certain conservation practices that may occur in waters of the U.S., if the practices are planned/designed/constructed in accordance with NRCS practice standards and are part of an established, on-going farming operation. Discharges from these practices are exempt from CWA section 404 permitting requirements.

The Memorandum of Understanding (MOU) between USDA, the EPA and the Army Corps describes how the three agencies will work together to implement the interpretive rule, to protect and enhance water quality and ensure consistency and predictability for the public. The MOU also identifies how the agencies will coordinate to maintain the list of conservation practice standards exempt from section 404 permitting, including revisions to the list.

Question 27. EPA Science Advisory Board—Has the EPA contacted your office regarding the establishment of an Agriculture Committee under the EPA Science Advisory Board, Section 12307 of the farm bill?

Answer. Yes, EPA has contacted USDA about this provision.

Submitted Questions by Hon. Bob Goodlatte, a Representative in Congress from Virginia

Question 1. You have noted that USDA will use farm bill programs to promote ethanol exports. How does USDA plan to do this?

Answer. To date, USDA’s Foreign Agricultural Service allocations of FY 2014 Market Access Program funding to the US Grains Council (USGC) for ethanol market research total about \$120,000.

The USGC plans to use the FY 2014 funding to conduct market research of export opportunities for U.S ethanol in China, Japan, Europe and Mexico.

Question 2. Are you concerned that such a move could exasperate some of the stock-to-use problems we have seen in the past, particularly as we enter a year where USDA has warned that there is a decline in about 4 million acres of planted corn? What, if anything, will USDA do to consider the corn stocks-to-use ratio and the availability of corn for both food and fuel demands when pushing exports of ethanol?

Answer. USDA is not concerned at this point in time about ethanol promotion given the record corn supply projected for the upcoming year. Producers have indicated they would plant 91.7 million acres this spring, down 3.7 million from the previous year. However, in its early look at the 2014 outlook at the Agricultural Outlook Forum in February, USDA projected another record large corn crop of nearly 14 billion bushels and record supplies for 2014. This was based on planted area of 92 million acres, and a return to higher trend yields. The updated planting number would result in a decline of 50 million bushels in prospective production, but still result in record supply.

Market promotion for ethanol will help alert foreign buyers to market opportunities and help us develop markets. Compared to the 2010–12 period, when prices averaged over \$6.00 per bushel, USDA projects that corn prices are expected to remain closer to \$4.00 over the next few years as growth in domestic demand for ethanol has moderated. Facing these lower corn prices, surplus ethanol has recently been moving to foreign markets as U.S ethanol is priced competitively. In contrast, if the stocks-to-use ratios fell markedly, the resulting higher corn prices would reduce ethanol plant margins and the incentive to export product.

Question 3. Mr. Secretary you have been quoted in the media expressing the need to “push back harder on food *versus* fuel” and have been quoted as calling the alliance of affected organization that want to see reform of the ethanol mandate as “unholy.” Should we take those comments to mean that you do not think the RFS mandate has negatively affected some industries, particularly those in the agriculture community?

Answer. The RFS mandates have diverted certain quantities of agricultural commodities, namely corn and soybean oil, from the animal feed sector to the biofuel sector, and such a diversion has not had some small price effects for those commod-

ities. However, it should be noted that the ethanol industry returns a significant amount of the corn processed back as high value animal feed. Those distillers grains are widely fed and exported as livestock producers have realized their value in many livestock rations.

Recently, the loss of pasture due to persistent drought in the Southern Plains coupled with high feed prices brought primarily on by the 2012 drought further tightened livestock sector margins. Those margins have become more favorable now with high meat prices and record corn and soybean harvests in 2013 although lingering drought in California and the Southern Plains as well as disease pressures in the hog sector continue to pose challenges. Nevertheless, the effect of the mandates on livestock returns is expected to be minimal. Even at the height of the drought, it was determined that the mandates were likely affecting commodity prices by only \$0.07 per bushel as the refining sector desired a large amount of ethanol even in the absence of a mandate to blend with gasoline for E10 purposes.

Question 4. During the 2012 RFS waiver request, the EPA's analysis said that had a waiver been issued it would have provided relief of over \$80 million to the pork industry in Virginia and North Carolina. I am sure other livestock in those states would have felt similar relief, as would all livestock throughout the county. Yet during the debate in 2012 you opposed a waiver citing concern of bringing long-term harm to the ethanol industry. Why did you not also balance the needs of all of American agriculture in this debate, particularly the livestock sector who was immediately affected?

Answer. EPA's 2012 waiver decision was based on the criteria for a waiver established in Section 211(o)(7) of the Clean Air Act—whether implementation of the RFS volume requirements would severely harm the economy of a state, a region or the United States. EPA determined that it was highly unlikely that waiving the RFS volume requirements would have a significant impact on ethanol production or use in the relevant time frame for a waiver. Thus, it would have little to no impact on corn, food, or fuel prices, with an average impact on corn prices of \$0.07 per bushel. Waiving the mandates in 2012 was estimated to have minimal effects on the livestock sectors under a short run waiver as it would likely result in little relief from high feed prices brought on by the severe drought. Taking into account ethanol and crude oil prices at the time of the waiver decision, EPA's analysis indicated that refiners would be unlikely to reduce ethanol blending over the relevant timeframe for a waiver.

Question 5. The farm bill that was recently signed into law, made changes to the Rural Energy for America Program (REAP) to prevent the funding of ethanol blender pumps. This change was made to reflect how Congress originally intended the program to be administered. You have made recent statements claiming you will use other authorities to fund blender pumps. What programs or authorities will you use to fund ethanol blender pump projects? How do you justify this against the intent of Congress to prevent the funding of ethanol blender pumps?

Answer. We recognize the restriction which Congress imposed on retail infrastructure to deliver higher blends of renewable fuel through the Rural Energy for America Program. This retail infrastructure problem remains as a constriction in the supply-chain and we will explore all options available to help alleviate this problem and capture the tremendous opportunity for farmer, foresters and the nation as a whole to create economic development from renewable fuel production, as well as the air quality improvement and national security benefits that these products deliver.

Question 6. Last week the EPA released its “waters of the U.S.” proposed rule. We understand they worked with USDA to develop the rule. Within this rule the EPA issued an “interpretive rule” to “clarify” that a long list of conservation practices are exempt from “dredge and fill” permit requirements under the Clean Water Act's section 404 exemption for “normal” farming and ranching activities—*so long as the practices comply with NRCS standards*. So as I understand it, a farmer only qualifies for any one of these exemptions if the farmer follows NRCS standards. Is that correct?

Answer. The proposed rule preserves all existing agricultural exemptions under the Clean Water Act. The interpretive rule clarifies the scope of the existing statutory exemption found in section 404(f)(1)(A) of the Clean Water Act. Under the interpretive rule, 56 conservation practices do not require a 404 permit when occurring in waters of the U.S., if they are implemented following NRCS conservation practice standards. The corresponding NRCS conservation practice standards provide guidelines for implementation of those practices, which ensures that these conservation activities meet the intent of protecting and enhancing water quality.

Question 7. Could you clarify, will it be NRCS or the EPA who will inspect each farming operation that claims this conservation exemption?

Answer. The conservation practices identified in the interpretative rule will be treated the same as all other long-standing agricultural exemptions under section 404 of the Clean Water Act; there is no requirement for approval, notification, or inspection, prior to installing the conservation practice nor is there a requirement for verification of the installed practice. The EPA and the Army/Corps will not seek out operations that may have performed exempt activities; however, they may respond to notifications or reports of potentially unauthorized non-exempt activities.

Question 8. Under this rule, if a farmer does not follow an NRCS standard, or does not fully implement a NRCS standard is that farmer violating the Clean Water Act and subject to a \$37,500 per day fine?

Answer. Under the interpretative rule, the identified conservation practices do not require a CWA Section 404 permit when they occur in waters of the U.S., if they are implemented following NRCS conservation practice standards. Failure to follow the requirements of the CWA exemption is a violation of the CWA. The agencies' intent is to work with farmers to help them meet applicable standards and to correct any problems that may develop—not to seek fines.

Question 9. Will farmers be subject to the citizen suit provision of the Clean Water Act for alleged failure to comply with NRCS standards?

Answer. The interpretative rule does not modify the scope of rights afforded to citizens under Section 505 of the Clean Water Act.

Question 10. My district contains the George Washington National Forest which is currently under a management plan from 1993. In 2007, the Forest Service began the process of public meetings to begin a new Forest plan. I understand that there have been many issues outside of the Forest Service's hand that has delayed the completion of this plan. However, at this point the delays seem to be political in nature. When can we expect to see the GW forest plan completed?

Answer. USDA expects to release the environmental impact statement and record of decision for the GW plan revision within the coming weeks. We will notify your office once the plan is complete.

Question 11. When you testified before the House Appropriations Agriculture Subcommittee, you mentioned that the best way to decrease the number of individuals enrolled in SNAP is to link the number of able bodied individuals to jobs that we know are out there. The farm bill is a good opportunity to do that. Does USDA have a timeline for rolling out the state work pilots?

Answer. The farm bill provision for employment and training (E&T) pilots requires USDA to publish the request for applications by August 2014 (180 days from enactment) and to give states 90 days to respond. USDA must announce pilots by February 2015 and the first report to Congress on the status of pilot projects is due by December 31, 2015. USDA is gathering information from interested stakeholders including other Federal agencies, state agencies, and organizations that provide work services as we move forward to meet this required timeline.

Question 12. Some states are concerned that this Administration will not look favorably on state applications that implement state-wide mandatory work requirements. What are you doing to ensure that a wide array of projects are selected, include state-wide mandatory requirements

Answer. The farm bill requires that the pilot projects be designed to increase the number of work registrants who obtain unsubsidized employment, increase their earned income, and reduce their reliance on public assistance. The farm bill also requires that USDA select pilots that test a range of strategies, including strategies that target certain populations such as those with low skills, be in both urban and rural areas, emphasize rapid attachment to employment, and test both mandatory and voluntary E&T participation. USDA will further clarify the criteria for selecting projects through the request for applications as a part of the process in awarding these competitive grants.

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

Question. In respect to the implementation of the livestock disaster programs, I wanted to highlight some concerns I am hearing from Missouri Extension agents in regards to standard stocking rates for intensive grazing dairy farmers in Missouri. With stocking rates on these intensive grazing operations upwards for 1 to 1.6 cows per acre, the traditional FSA guidelines for livestock disaster programs have lead to a lengthy and more rigorous reporting requirements for these types of farmers. While I commend the USDA for their commitment to fraud protection, have the guidelines for the disaster programs been updated to compensate for these newer, more intensive grazing operations?

Answer. With respect to each type of grazing land or pastureland in a county, normal carrying capacity is the capacity that would be expected from the grazing land or pastureland for livestock during the normal grazing period in the county, in the absence of a drought or fire that diminishes the production of the grazing land or pastureland. Livestock producers that are using intensive grazing methods should work with their local Extension Service and Natural Resources Conservation Service to provide grazing management data to their local FSA County Office. FSA county offices will provide this documentation to their FSA State Office for review to support a differing carrying capacity based on intensive grazing from an already approved carrying capacity for the specific type of grazing land or pastureland.

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

Question 1. Many of my constituents, from farmers to anyone who shops at the local grocery store, are all preoccupied with the drought in California, the worst in recent history. I am convinced that the drought will change the agricultural landscape of California, the number one ag state in the nation. What is USDA doing, and what means are available through the farm bill, to keep our farms, crops, and livestock thriving in the midst of the drought?

Answer. The Department is committed to assisting the State of California as well as other drought-impacted States through the use its available authorities. As co-chair of the National Drought Resilience Partnership along with the Department of Commerce's National Oceanic and Atmospheric Administration (NOAA), USDA is working in tandem with the White House, other Federal partners, and state agencies to address the health and human safety implications of the drought, including mitigating the severe economic impacts, as well as assisting with preparing communities and regions for future severe weather events. To date, the Department has designated 57 of California's 58 counties as natural disaster areas due to damages and losses caused by extreme drought. Agricultural operators in all counties designated as natural disaster areas, as well as those counties contiguous to such designated counties, may qualify for low interest emergency loans from USDA's Farm Service Agency (FSA) up to a maximum of \$500,000. Farmers and ranchers have 8 months from the date of the declaration to apply to help cover part of their actual losses. Also, upon enactment of the 2014 Farm Bill on February 7, 2014, I directed the Department to have our four major disaster assistance programs available starting April 15, 2014. Eligible farmers and ranchers now may apply to receive payments under the Livestock Forage Disaster Program, and the Livestock Indemnity Program for grazing losses and livestock deaths due to drought. In addition, the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program provides emergency assistance to eligible producers of livestock (including emergency transportation of water for livestock), honeybees and farm-raised fish that have suffered losses because of severe weather, disease, or wildfires, and the Tree Assistance Program, which provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate trees, bushes and vines damaged by natural disasters. California alone could potentially receive up to \$100 million for 2014 losses and up to \$50 million for previous years. Applications have been received and payments have already been issued to many farmers and ranchers in the state.

On February 7, FSA announced a signup for its Emergency Conservation Program to provide emergency funding and technical assistance to livestock producers with emergency water needs. The FSA Noninsured Crop Disaster Assistance Program is available for producers who have enrolled in this annual protection program prior to the deadline earlier this year. On April 29, the Department's Natural Resources Conservation Service launched a \$1.5 million chipping initiative through the Environmental Quality Incentives Program (EQIP) to help orchard and winegrape growers manage fallowed trees and vines. Sixty million dollars has been made available to food banks in California through the Department's Emergency Food Assistance Program to help families that may be economically impacted by the drought, as well as an additional \$6 million in bonus food purchases, and the Department is working with the California Department of Education to establish approximately 600 summer meal sites throughout the drought-stricken region. USDA's Rural Development has made \$11 million in Emergency Water Assistance Grants available to help rural communities experiencing a significant decline in the quality or quantity of drinking water due to drought.

The Department has participated in informational drought meetings throughout California that are sponsored by the California Department of Food and Agriculture and drought forums assembled by the National Integrated Drought Information System (NIDIS) Program. We are diligently addressing questions from growers, insur-

ance companies, industry groups, the Farm Bureau, and other interested parties on the impact of water availability. We have provided explanations of crop insurance policy coverage and prevented planting provisions. As a result of significant concern over saving perennial crops, the Department has provided information that allows producers to consider options to mitigate the impacts of drought without jeopardizing their insurance coverage.

In February, USDA announced that \$25 million has been made available through EQIP to help California farmers and ranchers implement conservation practices including irrigation efficiency, cover crops, orchard pruning, and the protection of grazing lands, and \$5 million in Emergency Watershed Protection funds to help protect vulnerable soils, stabilize stream banks and replant upland sites stripped of vegetation. Also in February, the Forest Service and the Natural Resources Conservation Service launched a landscape restoration partnership to improve the health of forest ecosystems, including the Mid-Klamath and San Bernardino-Riverside areas, to mitigate wildfire threats, and the Department's National Institute for Food and Agriculture announced it will make \$6 million in grants available this year, and up to \$30 million total over the next 5 years, to provide solutions to agricultural water challenges.

Question 2. I appreciate the funding the Administration has set aside to mitigate drought disaster. I would like to know, and my constituents would like to know—where did the money come from and what impact will that have on other programs? Also, when will this funding actually produce real water?

Answer. The primary funding to address the drought disaster came from the Environmental Quality Incentives Program (EQIP) and the Emergency Watershed Protection Program (EWP). This funding should have little impact on other NRCS programs. The funding will enable producers to better manage water resources and mitigate the impacts of severe drought.

Question 3. Are you engaged with FDA in crafting their Produce Safety rule under the Food Safety Modernization Act? My constituents are concerned with the final result, since time is getting short before FDA has to publish their rule. How is USDA helping prepare farmers for the uncertainty and changes coming down the road in implementation of a Produce Safety Rule.

Answer. Yes. USDA's Agricultural Marketing Service (AMS) has an ongoing partnership agreement with FDA, including a Memorandum of Understanding that has enabled our staff to work closely with FDA on the FSMA rulemaking process, including our participation in listening tours around the nation and several webinars, which has provided forums for the agencies to share information with hundreds of participants and receive input from interested persons. AMS bridges the gap between its stakeholders and FDA to address questions about the proposed produce safety regulation and other FSMA-related activities.

When the produce safety regulation is final, AMS will modify its Good Agricultural Practices (GAP) and Good Handling Practices (GHP) program to reflect metrics embedded within the rule. AMS also is developing a Group GAP certification program that will allow groups of producers to work collaboratively and pool resources to achieve conformance with both the requirements of the Produce Safety Rule and the USDA GAP & GHP Program.

Furthermore, AMS is an active partner in a cooperative agreement with Cornell University, funded by AMS and FDA, which has established the Produce Safety Alliance (PSA). The PSA broadly engages with other land-grant universities and the Cooperative Extension Service offices across the nation to develop standardized training curriculum for farmers, growers, packers and shippers of fresh produce in GAP. PSA currently is developing a curriculum that will educate growers on the requirements of the FSMA's Produce Safety Rule. The PSA will certify extension personnel and others to deliver the PSA curriculum to growers in training sessions across the country.

Submitted Joint Questions by Hon. Gloria Negrete McLeod, Hon. Doug LaMalfa, Hon. Juan Vargas, Hon. Jeff Denham, and Hon. Jim Costa, Representatives in Congress from California

Question 1. As you know, the Women, Infants and Children (WIC) program moratorium is going on its third year. Small businesses in our districts are closing due their inability to secure WIC vendor permits and families are traveling significant distances to reach stores that will accept their WIC vouchers. We hear the uncertainty that this moratorium creates to entrepreneurs that want to bring business to our districts. What is your view of the current timeline for lifting of the California WIC moratorium for new vendor licenses? Is it on track? Is it subject to change? What factors may be involved one way or the other? Is this timeline published for the public view?

Answer. FNS continues to work closely with the California Department of Health in meetings and conference calls to discuss and resolve issues related to the ongoing effort to correct and improve California's vendor management policies and procedures in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). We are anticipating the release of the California final regulation shortly. More recently, beginning on June 1, 2014, USDA permitted the state to begin lifting in phases the Federal moratorium on accepting applications for new vendor authorizations. The state may make additions to current master agreements, provided applicants meet all selection criteria including a clean business track record. FNS will continue working closely with CDPH to monitor the phased-in lifting of the moratorium and will consider an appropriate timeline for subsequent phases contingent upon the state's success in meeting targets identified in the approved Plan for Cost Containment and Program Effectiveness. Subsequent phases will include additions of new full-line grocery stores and new above-50-percent and other vendors.

Question 2. Is it possible for USDA to provide some level of certainty to our constituents by publishing the start date for the review of applications through a vendor alert?

Answer. The California WIC State Agency is responsible for reviewing applications and authorizing vendors to participate in the California WIC program. California WIC will publish the start date for the acceptance of applications through its Vendor Alert System, and through other media as necessary, once the moratorium is lifted.

Question 3. How can we meet the demand for WIC with new vendor locations in the interim while we work out some of the finer points of the new regulation package?

Answer. On April 10, 2014, the Department issued a policy memorandum that explains implementation of the vendor preauthorization provision of P.L. 113-76, the Consolidated Appropriations Act, 2014. The legislative provision allows WIC state agencies upon the lifting of a federally-mandated vendor moratorium to seek a waiver from the requirement to conduct an on-site visit prior to or at the time of a vendor's initial authorization. This new provision may offer some relief to a WIC state agency (such as California) facing a backlog of vendor applications to be processed after a federally-imposed moratorium is lifted, should it request such a waiver.

Beginning on June 1, 2014, USDA permitted California to begin lifting in phases the Federal moratorium on accepting applications for new vendor authorizations. The state may make additions to current master agreements, provided applicants meet all selection criteria including a clean business track record. FNS will continue working closely with CDPH to monitor the phased-in lifting of the moratorium and will consider an appropriate timeline for subsequent phases contingent upon the state's success in meeting targets identified in the approved Plan for Cost Containment and Program Effectiveness. Subsequent phases will include additions of new full-line grocery stores and new above-50-percent and other vendors.

Question 4. The criteria for exemptions to the moratorium was narrow, there are about 200 site locations in California that fall right outside this exemption criteria that are still waiting for the moratorium to be lifted and they cannot afford to continue on without certainty. Since USDA has adopted price caps on products which address the abuse that caused the moratorium, would USDA consider adding additional exemption criteria?

Answer. It is anticipated that California WIC will begin accepting new applications this summer. Coupled with the ability to seek a waiver of the pre-authorization visit, the Department does not believe there is a need to expand the exemption criteria at this time.

Question 5. These same 200 stores are in limbo because original communication from the California Department of Public Health (CDPH) in 2011 gave the green light to proceed with a Letter of Intent. A year later, the Department and CDPH reneged on the original understanding that the Letter of Intent would grant these stores exemption. This move cost our communities new investments. Moving forward, will USDA honor front of the line passes to these stores once the moratorium is lifted?

Answer. California WIC will establish the procedures for processing applications upon the lifting of the moratorium. On April 10, 2014, the Department issued a policy memorandum that explains implementation of the vendor preauthorization provision of P.L. 113-76, the Consolidated Appropriations Act, 2014. The legislative provision allows WIC state agencies upon the lifting of a federally-mandated vendor moratorium to seek a waiver from the requirement to conduct an on-site visit prior to or at the time of a vendor's initial authorization. This new provision may offer

some relief to a WIC state agency (such as California) facing a backlog of vendor applications to be processed after a federally-imposed moratorium is lifted, should it request such a waiver.

Question 6. We understand the issue of partial reimbursement may create problems among the industry. How do we ensure that “cost” of reimbursement will not impede on the timeline and if we ignore this issue and go live by lifting it, how do we know we aren’t creating another problem long term?

Answer. WIC State agencies may submit a request to exclude partially-redeemed food instruments from redemption averages to FNS for approval at any time. The methodology must be based on empirical data, and a process that is able to identify partially redeemed food instruments for exclusion. As such, if a state agency identifies an improved method for identifying partial redemptions it can submit a request to change its current system. As more state agencies implement electronic benefit transfer the issue of partial reimbursement will be eliminated because reimbursement will be based on prices of individual food items instead of food instruments that may combine several food items onto one check.

Question 7. The most concerning question is what WIC participating families do without options of stores that accept WIC vouchers. More and more families are turning to corner stores to do their family shopping. At corner stores, families purchase WIC and non-WIC items although these stores do not offer the most competitive prices on non-WIC items. Since these corner stores do not have price caps on the remaining products customers’ purchase, some products can be marked up 10 to 20 percent more. The lack of store access exist for these families, regardless of the exemption criteria that seeks to assure that stores are within 5 miles from each other. How are we helping the very people this program was designed for by limiting their options?

Answer. WIC state agencies authorize vendors that have competitive pricing for WIC authorized foods, while ensuring adequate access for the WIC participants. Unlike WIC authorized foods, WIC state agencies do not have the authority to set price caps for non-WIC items; however, the nutrition education that is provided to participants is intended to help them make wise shopping choices whether shopping with WIC benefits or other means.

Submitted Question by Hon. Eric A. “Rick” Crawford, a Representative in Congress from Arkansas

Question. Can you provide the Committee with a detailed explanation as to why the Department missed the required 60 day statutory deadline to publish a final rule implementing the catfish inspection program? How far beyond the 60 days do you expect it to take for the final rule to be published in the *Federal Register*?

Answer. USDA’s Food Safety and Inspection Service has been submitting regular status reports to Congress every 30 days on the development of the final rule establishing a catfish inspection program. On April 30, USDA and FDA signed a Memorandum of Understanding intended to improve interagency cooperation on food safety and fraud prevention and to maximize the effectiveness of personnel and resources related to examination and inspection of catfish. By the end of May, USDA will be prepared to send a final rule establishing a catfish inspection program to the Office of Management and Budget.

Submitted Questions by Hon. Cheri Bustos, a Representative in Congress from Illinois

Question 1. Some of our rural areas were the hardest hit and have been the slowest to recover from the economic recession. Given the high unemployment rates in rural areas, I believe it’s important to protect existing jobs and work to strengthen the rural economy. National Beef Packing announced they would shut the doors of their Brawley, CA plant on April 4, 2014 citing diminished herd sizes and new COOL regulations as the cause of the closure. Industry leaders continue to highlight the negative impact of mCOOL regulations. I have a Tyson plant in Joslin, IL which employs roughly 2,200 individuals. I’m curious to know what the agency has done to measure the economic impact of mCOOL. Also, what has the agency done to ensure consumers have access to valuable information about the origin of their food without causing major disruptions within the industry?

Answer. As required under Executive Orders 12866 and 13563, USDA assessed the costs and benefits of regulations to implement mandatory COOL. Numerous comments on rulemakings confirmed that certain U.S. consumers value country of origin information; however USDA has been unable to quantify these benefits. USDA estimated the likely range of industry adjustment costs to the May 2013 amendments to the mandatory COOL regulations at \$53.1 to \$137.8 million. In addition, as directed by the Agricultural Act of 2014, USDA is conducting an economic

analysis of the final rule published on May 24, 2013 (78 *Fed. Reg.* 31367). Since mandatory COOL became law as part of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171), USDA has sought and responded to input and comments from industry and consumers to promulgate the least burdensome regulations necessary to meet our statutory obligation while ensuring that the United States complies with its international trading obligations.

Question 2. This year the USDA has launched exciting new research projects and will soon establish the Agricultural Research Foundation. Agricultural research is critical to maintaining a safe and affordable food supply and while I commend your efforts to promote new research projects, I am concerned by the proposed cuts to the Agricultural Research Service (ARS) and in particular the proposed cuts to the National Center for Agricultural Utilization Research, commonly referred to as the Ag Lab. Under the President's proposed budget, the Ag Lab will lose ten percent of its funding. What impact will this cut have on the innovative work taking place at the Ag Lab? What is the rationale for the ten percent cut? What will the USDA do to mitigate the effects of this funding shortfall on the ongoing research currently underway at the facility?

Answer. Much of the research at the National Center for Agricultural Utilization Research (NCAUR) in Peoria, IL, and at ARS' three other USDA regional laboratories has focused on utilization of agricultural commodities and development of new products, which were high priorities when these laboratories were established and during times when U.S. farmers needed new markets to absorb commodity surpluses. Successful growth of the corn ethanol and biodiesel industries are prime examples of how utilization research has benefitted U.S. agriculture and rural communities.

Due to reductions in ARS budgets over recent years, ARS is challenged to direct increasingly limited resources to the nation's most critical, high-priority needs. Today, the most beneficial outcomes from agricultural research in the U.S. and globally are those that can expand the supply of agricultural commodities to meet increasing demands, whereas research intended to increase demand through development of new products for commercialization is a lower priority. Thus, funding for utilization is being redirected to solving problems that limit production.

ARS is working hard to redirect resources at its utilization laboratories, including NCAUR in Peoria, towards higher-priority research objectives.

Question 3. As you know, Porcine Epidemic Diarrhea Virus (PEDv) has spread to 27 states in the U.S. and has had a disastrous effect on the pork industry. Looking at the USDA's quarterly report, the U.S. pig inventory is down five percent from 3 months earlier which is the smallest number since 2007. Additionally, market analysts are predicting a major increase in consumer prices at the grocery store. While industry groups have invested heavily in research and made progress, what can and is the USDA doing to assist the pork industry in terms of relief funds, research funds or disaster assistance?

Answer. USDA continues to take a number of actions to combat the spread of PEDv in the U.S. swine herd. Most recently, on June 5, 2014 we received approval from the Office of Management and Budget to spend \$26 million to combat PEDv. This funding will be used to take actions such as providing some reimbursement to producers for cleaning and disinfection, hiring veterinarians to inspect premises, assisting states with program operations, testing samples, and conducting research on issues such as pathogenicity and disease transmission. Also, on April 18, 2014, we announced that USDA will require reporting of PED virus and porcine deltacoronavirus, in addition to monitoring disease on affected farms, monitoring movements of pigs, vehicles, and other equipment leaving affected premises, all with the aim of slowing the spread of this disease across the United States. USDA is working with industry and the states to finalize a plan for implementation and will be issuing a Federal Order in the coming weeks enforcing the reporting requirements. USDA also announced that it is transferring \$5 million immediately for related activities while USDA works to refine the program and funding needs. These actions are intended to help identify gaps in biosecurity, as well as additional steps that can be taken to stop the spread of these diseases and assist producers and ultimately consumers.

Since PEDv was detected in the United States last year, USDA has been working closely with the pork industry and our state and Federal partners to learn more about the disease, its spread, and how best to assist producers. Together with these partners, USDA has established testing protocols, sequenced the virus and investigated how the virus is transmitted, as well as risk factors to minimize its impact on producers and industry.

USDA is also:

- Providing assistance to researchers looking into this disease, with the Agricultural Research Service (ARS) working with the National Animal Disease Center in Ames, Iowa to make models of the disease transmission and testing feedstuffs. This modeling work is contributing to some experimental vaccines to treat animals with the disease. ARS also has a representative serving as a member of the Swine Health Board. USDA also provides competitive grant funding through the Agriculture and Food Research Initiative program and anticipates some applications on PEDv research will be submitted soon. In addition, USDA provides formula funds to states and universities through the Hatch Act and the Animal Health and Disease Research Program, Section 1433 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (NARETPA) for research activities surrounding this disease.
- Working as a key member of a task force with industry stakeholders, including the American Association of Swine Veterinarians (AASV), National Pork Producers Council (NPPC), National Pork Board (NPB), veterinary diagnostic laboratories (VDLs), and State Animal Health Officials (SAHOs). The objectives for the task force are to investigate the virus, identify and trace risk factors in the transmission of the disease, and keep producers informed. The group is voluntarily collecting epidemiological information on PED and deltacoronavirus that will help us identify additional cases; determine how the disease got here and how it spreads; evaluate strategies for PED control and elimination; and evaluate options for a disease monitoring plan.
- Working with producers through the Farm Loan Programs to provide credit options, including restructuring loans, similar to how the Farm Service Agency successfully worked with livestock producers affected by the blizzard in South Dakota. In the case of guaranteed loans, USDA is encouraging guaranteed lenders to use all the flexibility available under existing guarantees, and to use new guarantees where appropriate to continue financing their regular customers.

Through these collaborative efforts with states and industry, we hope to further enhance the biosecurity and health of the U.S. swine herd while maintaining movement of pigs in the United States.

Submitted Questions by Hon. Steve King, a Representative in Congress from Iowa

Question 1. The Department released a memo dated March 5, 2014, titled “Supplement Nutrition Assistance Program—Section 4006, Agricultural Act of 2014—Implementing Memorandum.” This memo states, “FNS encourages states to move forward with implementation of section 4006 in a manner that adheres to the original intent and basis for the connection between LIHEAP and SNAP.” In the time since enactment of the Agricultural Act of 2014, several states have announced their intentions to work around Sec. 4006 by awarding \$20 in LIHEAP payments to some SNAP beneficiaries in order to increase the maximum SNAP benefit. It is clear that practice falls outside the “original intent and basis” of the law.

Is the Department taking any action to work with the states to reverse this practice?

What interactions have you had with the Governors of the so called “LIHEAP states”?

Does the Department see this as a sustainable way to administer SNAP benefits?

Is this a proper use of LIHEAP funding?

In response to this, should Congress choose to completely sever the relationship between LIHEAP and SNAP, would it address the concern that the Department raised in its memo?

In response to this, should Congress choose to block grant food stamps to the states, and allowed the states to have some interest in the administration of the program, would that eliminate the incentive for states to “game the system?”

What effect does this practice in the states have on LIHEAP recipients? How many potential LIHEAP beneficiaries will not receive any LIHEAP assistance because the states have chosen to administer it in this way?

Answer. States have the authority to determine how to use their LIHEAP funding, in accordance with that program’s requirements. LIHEAP is not administered or funded by the USDA. USDA is in the process of collecting information about how states are implementing the LIHEAP provision of the farm bill to ensure statutory compliance. In communications with states, we have encouraged them to move forward with implementation in a manner that follows the original intent of the law and the basis for the connection between LIHEAP and SNAP, as well as recent changes made by the Farm Bill.

SNAP is a critical automatic stabilizer—designed to expand quickly to help meet increased need when the economy is weak, and contract as the economy recovers,

ensuring that food gets to people who need it and that SNAP benefits flow to communities that face rising unemployment or poverty. One reason that proposals to convert the program to a block grant are so troubling is that, unlike SNAP, block grants are simply not designed to be as responsive to economic changes.

