

2014 FARM BILL: IMPLEMENTATION AND NEXT STEPS

HEARING BEFORE THE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY UNITED STATES SENATE

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2014 FARM BILL: IMPLEMENTATION AND NEXT STEPS

Wednesday, May 7, 2014

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY,
Washington, DC

The Committee met, pursuant to notice, at 9:12 a.m., room 328A, Russell Senate Office Building, Hon. Debbie Stabenow, Chairwoman of the Committee, presiding.

Present or submitting a statement: Senators Stabenow, Leahy, Harkin, Klobuchar, Bennet, Gillibrand, Donnelly, Heitkamp, Casey, Walsh, Cochran, Roberts, Chambliss, Hoeven, Johanns, Grassley, and Thune.

STATEMENT OF HON. DEBBIE STABENOW, U.S. SENATOR FROM THE STATE OF MICHIGAN, CHAIRWOMAN, COM- MITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

Chairwoman STABENOW. Well, good morning. I will call to order the Senate Committee on Agriculture, Nutrition and Forestry; and welcome, Secretary Vilsack. We thank you very much for being a compelling advocate for passage of the Farm Bill and we also greatly appreciate your excellent staff providing critical technical assistance throughout the entire process, and your personal help in developing a Dairy Title as we came to an end to be able to put this all together, having a title that was both politically workable and, most importantly from a policy perspective, workable for our farmers. Thank you very much.

I continue to be very, very proud of this Committee and the fact that at a time when it is tough to get things done, everybody on both sides of the aisle really came together to do what needed to be done; and we will see a stronger rural economy and economy in general as a result of it.

Over the last three years, this Committee worked to put together a Farm Bill that reforms agricultural programs, cuts spending, and supports the 16 million people whose jobs rely on the strength of American agriculture. In many senses, the Farm Bill is a bit of a misnomer as we all know because this bill affects every American in many different ways.

This is a bill that takes critical steps toward changing the paradigm of farm and food policy. We worked hard to make sure the Farm Bill represents the diversity of American agriculture from row crops, to specialty crops, to livestock, to organics, to local food systems.

We passed a very strong permanent livestock disaster assistance Program that, unfortunately, had to be used almost immediately after passage. We eliminated direct payments in favor of strengthening risk management tools and expanding opportunities for crop insurance, the number one request of farmers across America.

We increased support for several organic programs which is one of the fastest-growing segments in American agriculture. We once again provided a strong Specialty Crop Title supporting nursery and a floriculture as well as fruits, vegetables, nuts, and other products you find in the produce aisle in the supermarket.

I am particularly proud of the Conservation Title and the new Regional Conservation Program which will bring together public-private funds to better assist farmers conserve our land and resources. I am also very excited about the new Foundations for Food and Agricultural Research that we created which will combine public-private dollars to make sure we have the funding streams necessary to continue to solve problems and to create opportunities to do research and do new innovation.

This new Foundation is really about the future, and I look forward, Mr. Secretary, to be working with you as the distinguished board members are appointed and the foundation begins its work. This Farm Bill is also a rural development bill that will help small communities build safe drinking water systems, access affordable broadband internet service, and it also encourages World leaders to work together on a regional economic level for regional economic strategies which will not only make the most of federal dollars but also help small towns attract business investments and jobs.

I am also very excited about the opportunities we have created through the Energy Title that will support job creation and in the growing sector of bio-based manufacturing as well as the next generation of bio-fuels to continue building America's energy independence.

I am proud of our Nutrition Title, which expands food access for families in need and provides incentives and education related to health food choices in both urban and rural communities.

Food assistance is a critical lifeline for families in need giving them temporary help to put food on the table, and I am very pleased to see the most recent Congressional Budget Office estimates say that SNAP spending is continuing to decline the right way, now saving an additional \$24 billion more than previously estimated. I have always said the best way to reduce nutrition health spending is by improving the economy and helping people get good paying jobs, and that is what is happening.

I am very proud this Committee and our colleagues in the House worked together to give our farmers and ranchers the support they need to continue producing the safest, most abundant, most affordable food supply in the world.

Our farmers are truly feeding the world which is why the Farm Bill expands export opportunities for producers and, in fact, creates the first ever Undersecretary of Agriculture for Trade; and I am looking forward, Mr. Secretary, to make sure that this new position is structured in a way to be an advocate for your department and U.S. producers.

It has been a long road, a long road to get here to this implementation hearing; and I want to say thank you to everyone on our Committee, thank you to Mr. Secretary. Thank you to my Ranking Member who I know will be joining us shortly and you will hear from the senior senator from Mississippi when he arrives.

But I think at this point, we will proceed, Mr. Secretary, with your testimony and then we will hear from Senator Cochran as well. It is always a pleasure to have you with us and again, thank you for not only your leadership in helping us get to this point but frankly we put a lot on your plate, and we appreciate that you and your team has stepped up and are working very hard to implement the Farm Bill.

Secretary Vilsack.

STATEMENT OF THE HON. TOM VILSACK, SECRETARY, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, DC

Secretary VILSACK. Thank you very much, Madam Chair, and I simply want to echo the comments of many people around the country thanking you for your leadership and Senator Cochran for his leadership and this Committee leadership in getting a progressive, transformative, and positive Farm Bill passed. It sent, I think, a message of hope throughout the countryside and obviously would not have happened without the great work of this Committee and without your leadership.

I want to thank you personally for the work that you did. It was not an easy lift. It did require bipartisan support, and I think it represents the best of the kind of work that can occur in this democracy. Thank you.

It seems as if I need to give you an update on where we are relative to implementation of this Farm Bill; and I can tell you in the first 90 days, I am confident that we have made progress in every title of the Farm Bill.

We focused initially on putting the disaster assistance programs in place. Over 33,000 applications have been received. \$16 million has already been distributed to producers who have suffered disasters after October 1, 2011. We would anticipate and expect that those disaster assistance payments will continue for the course of the next several months for sure.

In conservation, we just set up the Conservation Easement Program that you established as part of the reforms of conservation.

I see Senator Cochran is here, Madam Chair. If you want, I would be happy to stop and allow the Ranking Member the opportunity to make his comments.

Senator COCHRAN. I would rather that you continue.

Secretary VILSACK. All right.

Chairwoman STABENOW. We will let you continue and then we will turn to Senator Cochran at that point.

Secretary VILSACK. Yes. You mentioned trade. One of the great things about getting the Farm Bill done was that we were able to resume our trade promotion programs. We are on track for yet another record year of agricultural trade. It will be the fifth record in the last six years.

The Nutrition Title, as you indicated, is a strong one. We are excited about the pilot employment and training opportunities to help

put people that are on SNAP or looking for work to work. We have received a lot of interest from a number of states who are willing to participate in those pilots and we look forward to getting those started this fall.

In the credit area, we have reduced the interest rate on the Joint Direct Farm Ownership Loan, cutting it in half which will make that much more feasible. In rural development, the water resources that you provided to deal with the backlog of water projects has been distributed. We are reducing that backlog.

We are announcing our Business and Industry Loan Program, the set aside for local and regional food opportunities and food hubs is being set up.

You mentioned the Foundation which we are all so excited about. We received over 275 nominations for the 15-person board. It is in the process of being incorporated, and we anticipate and expect the first board meeting of the ex officio board members will take place in July with the passage of bylaws, and hopefully we will be able to begin the process of getting the matching resources that are required for the Foundation to continue its work.

In the Forestry Title, we have had 36 states contact us to take advantage of the streamlined NEPA process in terms of areas that have been stricken by disease and pests. We are anxious to get that program up and going.

The Energy Title, we just announced the notice of funds availability, \$70 million. We are working on the additional roles in terms of the bio-product manufacturing opportunities which will take place this summer and next year.

In horticulture, the specialty crop block grant has been advised. The farmer and rancher promotion and local food promotion programs are being advised of the availability of funds this week. We have initiated the organic research initiative as instructed.

In crop insurance, the whole farm policy pilot will be potentially available this summer. For the benefit of Senator Cochran in particular, the catfish MOU has been signed with the FDA, and we anticipate and expect that the catfish rule will go to OMB by the end of this month.

We have plenty on our plate. The regional conservation partnership program, we look forward to making announcements about the critical conservation areas. At the tail end of this month, the Foundation work will continue and we will be focusing on getting the educational materials out for the ARC and PLC program so that producers will have a number of months to be able to evaluate the appropriateness of either one of those programs for their operation.

The Supplemental Crop Insurance Option and the STAX program should be operational, we believe, by the end of this year.

The dairy program will be set up and functional by September, and we are looking forward to instituting the food insecurity pilots that I know are of interest to you, Madam Chair, sometime this fall.

We are focused on this. We understand the importance of it, and we look forward to answering the questions of the Committee.

Thank you.

[The prepared statement of Secretary Vilsack can be found on page 46 in the appendix.]

Chairwoman STABENOW. Thank you very much. It is easy to see that you are moving on all fronts, and we greatly appreciate that. My Ranking Member and partner, Senator Cochran.

STATEMENT OF HON. THAD COCHRAN, U.S. SENATOR FROM THE STATE OF MISSISSIPPI

Senator COCHRAN. Madam Chairman, I thank you for convening this hearing and providing the leadership that you do to this Committee.

Mr. Secretary, welcome. We appreciate your service at the Department of Agriculture and particularly appreciate your comments and your efforts to find ways in which the Federal Government can provide assistance to those who lost property and flocks of birds in Mississippi due to the devastating tornadoes that really caused an awful lot of damage in our State. Right now we are still in the cleanup, straightening up and assessing the damages mode.

But with the assistance of your department, we will make good progress I am sure in trying to get these people restored so that they can continue to provide important foodstuffs and economic benefits throughout not only our State but the entire country.

Could you give us some indication about what your reaction to the situation is in Mississippi as a result of these disasters and whether or not provisions in the Farm Bill are sufficient to give you the authorities you need to be helpful to our State and the producers?

Chairwoman STABENOW. I think, Mr. Secretary, it would be appropriate if you wanted to respond to that.

Secretary VILSACK. Okay. Senator, we have set up the disaster assistance programs. The Livestock Indemnity Program is really designed to provide assistance and help to those who have lost livestock as a result of disasters. I certainly encourage the producers to make sure that they have adequate records, and we will be happy to work with them to process applications as quickly as possible.

We already have in place the programs. The resources are there, and folks are anxious to help. We also will use our resources at USDA to provide for appropriate disposal. That is also an issue in a disaster situation.

Our folks at APHIS will be willing to work with producers in Mississippi to make sure that all the rules and regulations relative to disposal are followed as well.

We will be more than happy to help. If there are specific issues that your staff wants to contact our staff about, we would be more than happy to help you in any way we can.

Senator COCHRAN. Thank you very much for permitting that question.

Chairwoman STABENOW. Absolutely. Thank you. We will proceed with questions. We are going to do a seven-minute round of questions; and if there is interest from the Committee, we will do additional rounds to make sure everyone's questions are answered, given the time that it is allowable.

Mr. Secretary, first let me ask a little bit more about the regional conservation partnership program and I have to come, at this point, say that we have great confidence in the moving forward and

implementation of this since you stole the main person from our Committee who wrote this, Tina May. We are sorry to lose Tina from the Committee staff as well as Karla Thieman. I do not know if I see her here but Tina, the confidence knowing that she is part of overseeing this I think is something that we cannot underestimate.

We are happy to have the person that was helping to really lead this as the architect with you. But this is probably one of the most understated new policies in the 2014 Farm Bill. It has the potential to transform the face and the future of agricultural stewardship.

When we look at the innovative possibilities in the Great Lakes or Chesapeake Bay or certainly we could name many things around the country, it is really about partnerships and leveraging public-private sector partnerships in creating new models.

Given that this is a new program and the notion of both regions and partnerships is new to a lot of groups, what type of outreach and education is NRCS and USDA doing to ensure that participants are informed and are able to submit competitive applications, because this really only works if people are coming together on the ground and the planning and submitting the kind of applications that we certainly hope we see.

Secretary VILSACK. Well, Madam Chair, first of all, I think I need to correct the record. I think you stole Tina May from us before we stole her back.

[Laughter.]

Secretary VILSACK. We are happy to have her back.

We understand and appreciate the transformative opportunity that this regional conservation partnership program presents. We have done a series of listening sessions which we will continue to do to make sure that folks are fully aware of this opportunity.

In the past, what we have done is we have got a program and we give people very little time to actually put projects and proposals together. This time we are going to reverse that process. We expect and anticipate sort of laying out the critical conservation areas that are critical to this partnership effort by the end of this month; and then we want to give folks several months to basically put proposals and projects together for consideration; and so, we are going to give people plenty of time to do what they need to do to get this done right.

We also want to get it done in time for it to take advantage of an opportunity that we are trying to create at USDA and through the rural council to encourage more capital investment in rural America.

You can rest assured there is going to be plenty of outreach and plenty of opportunity for people to be very creative, and we are going to try to get sort of the framework of this program out as quickly as we can so people can respond.

Chairwoman STABENOW. Great. Another priority in the Farm Bill that I mentioned was in the Energy Title focusing on bio-based manufacturing. We all talk about how biofuels are very important to energy independence and jobs. But we have added to the USDA's toolkit the ability to support more broadly the bio-based economy.

For example, we authorized renewable chemical production and bio-based manufacturing as eligible projects under the program. I

am wondering how you intend to coordinate all of this from the new opportunities that we authorized in the Energy Title to financing options that are in rural development to the support that we have through the research programs.

How do you see that coming together?

Secretary VILSACK. Well, first of all, we are going to make sure that the opportunities for bio-chemicals are available as quickly as possible. We think our current rules and structure will allow grants and loans to be made relative to bio-chemical processing.

In terms of other manufacturing processing in terms of our bio-products, it may take a slight change to the rule and that may take a little bit of time for us to get through the regulatory process. We are essentially in business in terms of the bio-chemicals.

We have made a concerted effort to integrate this effort with our research folks focusing in part on bio-processing and setting that up as a priority in terms of the National Institute of Food and Agriculture.

Everybody I think in the building understands and appreciates how important this is to the survival of rural America in terms of creating jobs and creating additional income opportunities.

We are very much focused on this. Our crop insurance folks are also working on trying to develop new crop insurance products for energy products. It is essentially a coordinated and integrated effort, and I think you will see progress in this year.

Chairwoman STABENOW. Right. I think this is really important in terms of, as you said, jobs and the economy.

Then finally from me in this round, we would like you to speak about conservation compliance because, as you know, we included a landmark agreement fostered by agriculture and conservation groups to link conservation compliance to our crop insurance program and both helping us to protect farmland and the insurance program for the future.

Can you give the Committee an outline of where you are in the process of that, the expected time line? Can you discuss what, if anything, farmers should or should not be doing to prepare for the implementation of conservation compliance?

Secretary VILSACK. Well, first of all, it is important to note that this is in a sense effective the day the President signed the Farm Bill; and so, farmers are under this obligation and responsibility if they want to continue to receive the government subsidy for crop insurance as of February 7 I believe of this year.

We expect and anticipate to have sometime this summer the basic structure of conservation compliance and then folks will have, those who are not currently compliant because most producers are. In order to get disaster assistance, in order to get some of the other benefits under the 2008 Farm Bill, you had this responsibility anyway so that does not change.

We expect and anticipate the roughly 6000 producers who may be impacted by this will have until the mid-part of next year to be able to produce their compliance plans, to make sure that it is certified, to ensure that they do not lose the benefits of the government subsidy and crop insurance.

If they fail to do that, then crop insurance, obviously they will still be able to buy crop insurance but it will not be with a government subsidy. But it is effective as of February 2014.

The advice is it will probably be not a good idea for you to be breaking up land that has not been broken up for a while. It is a good idea for you to get your conservation plan together if you are one of those 6000 producers that has not had it before.

Chairwoman STABENOW. Thank you very much. Senator Roberts, you are next.

Senator COCHRAN. I yield.

Senator ROBERTS. Madam Chairwoman and Ranking Member Cochran, thank you for holding this hearing today.

Madam Chairperson, I know that you are very proud of receiving the 2013 perseverance of the year award with all of the commodity groups and farm organizations and broadcasters that are here. They voted. I just do not know where we are going to put the statue but we will figure that out.

Chairwoman STABENOW. Okay.

Senator ROBERTS. Anyway, thank you.

Secretary Vilsack, I am glad you are here and I appreciate your update on the department's implementation of the Farm Bill. It has been about two years since you were last in front of the Ag Committee. I think you look younger. But at any rate welcome back.

Since that time, I know everybody is concerned about the dates when the Farm Bill implementation will take place. We were talking about that earlier, sometime in the fall with the new programs. I hope more toward October when Kansas State plays Iowa State as opposed to Thanksgiving.

But the Kansans that I visit with—I am about 103 counties done of 105—they are really concerned about the various agencies regulatory efforts or what I call over regulation, and I share their concerns, and I would hope now with the Farm Bill signed into law that at least, and I know you are extremely busy, but if the department could focus on delivering farm and food programs, not new regulations, I think that would be the number one issue that I have heard out in farm country.

Madam Chairperson, I think at an appropriate time, and I know time is our most valuable commodity here, but the full Committee should have the opportunity to have a more in-depth discussion and review of the new USDA climate change hubs, more especially with the President's announcement as of yesterday.

The department's role in the recently proposed waters of the United States regulation and last but not least, the listing of the lesser prairie chicken as a threatened and endangered species that farmers believe in 35 counties of my state that are also threatening them.

But we are here to discuss the Farm Bill. So to that task, the recent wheat quality tour in Kansas has forecasted the lowest crop in the State since 1996.

Crop insurance will once again be critical to our producers suffering from a hard freeze and the ongoing drought. Again, I appreciate all the efforts and the staunch support from our Chairperson with regard to crop insurance.

The RMA is a very data-driven process to offer new crop insurance products as the right figures are necessary to ensure proper ratings and to protect the integrity of the overall program.

Wheat, corn, soy, and other commodity growers across Kansas are worried that their county crops, their county and crops may not have quick access to the supplemental coverage option of the new SCO or other new products due to a lack of data.

My question is: Does the RMA currently have enough yield and production history information to get the SCO off the ground and available to all producers quickly and, if not, how is the coordination effort with the Farm Service Agency and the National Agriculture Statistics Service going?

Secretary VILSACK. Senator, we believe we will have the supplemental crop insurance option available this fall. One of the challenges with wheat producers is that we probably will not have it available before wheat producers are in a position to determine whether ARC or PLC is most beneficial to their operation.

We will give the wheat producers additional time to sort of rethink their crop insurance decision because if they choose the ARC program, then they will not qualify for the supplemental crop insurance option.

If they start off by saying yes, we want SCO, then they decide ARC is better for them than PLC, we will allow them the opportunity without penalty to reverse that SCO decision.

Senator ROBERTS. I appreciate that very much.

Recently, the department and the U.S. Fish and Wildlife Service released predictability agreements for the lesser prairie chicken habitat that is enrolled in working lands and the conservation reserve program.

I know those agreements are necessary and they are appreciated but they have not ended the farmers' and ranchers' fear that future decisions could have the Federal Government driving land out of agriculture production. It is a very real concern among farmers and ranchers. I would change that from concern and frustration and possibly even fear.

How would you respond to farmers and ranchers in western Kansas right now that are concerned about being forced to idle agricultural land for a bird that we cannot find?

Secretary VILSACK. Senator, I think that we would suggest to your producers to work with their local NRCS conservation specialist to put together a conservation plan, because if they are able to do that with the cost share assistance that we provided at USDA, we can provide them 30 years of regulatory certainty that the rules will not change and that they will be deemed in compliance regardless of what the determination is relative to the lesser prairie chicken.

We have been working on this with seven different endangered species. The sage grouse was the first one that we started with. I would strongly encourage them to look at the voluntary conservation opportunities, the cost share opportunities that NRCS presents; and if they are able to do that and we are able to certify that they have complied with our structure, we are now working to get them 30 years of regulatory certainty which I think is a good way to approach the lesser prairie chicken.

Senator ROBERTS. Well, I appreciate your response, and I am going to be in touch with you as this goes along. We have a May 12 announcement and we are just going to have to see how this is working, and I appreciate that.

I do not have any further questions now. I yield back.

Thank you, Mr. Secretary.

Chairwoman STABENOW. Thank you very much.

Senator KLOBUCHAR.

Senator KLOBUCHAR. Mr. Secretary, thank you for your good work and your help in passing the Farm Bill. I think we all know it was not an easy task and I thank the Chairwoman and our Ranking Member and everyone that was involved in. But you were always there with a steady hand, ideas when we were having some sticking points; and we really appreciate that.

First of all, I want to ask something that is on the mind of a lot of our farmers in Minnesota, and that is transportation rail costs.

With the increased use of rail for oil and the increased use of rail nationwide and the picking up of the economy, we have had some major issues not only about rail safety which we talked about but also about the costs, the scheduling of rail shipments, the cost of that last leg with captive customers.

I actually got a provision in the Farm Bill for a joint study with USDA and the Department of Transportation to examine rural transportation issues including captive shipping issues.

Can you prioritize this study, especially given that we are continuing to see more and more use of rail, so we can get a sense of what we could do policy wise?

Secretary VILSACK. I had an opportunity to meet with Chief Economist Joe Glauber about the transportation study. He assured me that this is something that his team is working on and it is of value, and we believe that it ought to be expanded beyond the effort under the 2008 Farm Bill to include not just rail but also issues relative to our waterways. We think there is a tremendous—

Senator KLOBUCHAR. At the locks and dams.

Secretary VILSACK. Yes.

There is tremendous opportunity there for us to study this. We are working with the Department of Transportation to try to identify the resources that would pay for this study. DOT is a little strapped right now so we are going to continue to work with them.

We have also had an opportunity to visit with the folks at Burlington Northern to express the same concerns that I am sure you have expressed emphatically to them, received assurances from them that they have a plan to invest \$5 billion this year in additional rail, in additional locomotives, and in additional staff.

We will obviously keep an eye and hold them to that commitment and promise. That will help alleviate the concern. It is unfortunate that this was not done before but better late than never.

Senator KLOBUCHAR. Okay. If you could just check back with your people on the time line for the study, I would appreciate it.

Second, one of the provisions I worked on was for young farmers and ranchers. The average age of a farmer in Minnesota is now 56 years old, and what we did here was reduced the cost of insurance

by 10 percent for young farmers and ranchers in the first five years.

What is going on with the work to implement that provision?

Secretary VILSACK. That is going to be implemented before the end of this year. In addition, we will be working with the FSA offices to ensure that the credit opportunities I had mentioned, the reduction of the interest rate which is of some assistance.

We also have recently announced the availability of the beginning farmer-rancher resources to help third parties assist beginning farmers and ranchers putting together plans. We are working very closely with veterans groups as well to create this opportunity.

There are a number of steps that we have taken to assist beginning farmers. There are conservation benefits that they now have, advanced payments of conservation benefits. All of that is in the works.

Senator KLOBUCHAR. Okay. I am going to put a few questions on the record about the importance that we have talked about many times about the renewable fuel standard, the PEDV outbreak. I that is something the USDA has been working on. and then some questions on EPA regulations.

But I did want to turn to forestry for a minute. My State, like the State of Michigan, has a strong forest products industry, and I am pleased that it is now clear that forest products are eligible to fully participate in the bio-based programs.

How is USDA moving to implement the changes needed to ensure that forest products can participate in these programs and what is the time frame?

Secretary VILSACK. We have instructed folks to get this established this year. We anticipate it gets done this year. In addition, we have also announced a recent competition to take a look at a new opportunity in forestry with cross laminated timber.

It is a building material that is being used in other parts of the world to build multi-story buildings. We think there is a tremendous opportunity for particularly diseased wood that we see in the western part of the United States to be used to create this new industry, and we are hopeful that this contest will spur additional forest product opportunities.

We are focused on basically putting it in the BioPreferred Program this year but also looking at additional ways to grow new industries.

Senator KLOBUCHAR. Okay. Very good. The Farm Bill, as you know, included a significant compromise between Ag organizations and wildlife organizations that extends conservation protections to the crop insurance program.

The Farm Bill also includes a sodsaver provision that I worked on with Senator Thune to protect native prairie in certain states. I understand that implementing the conservation compliance rules is very complicated and that there are some questions about how they will impact.

I think these both provisions, I know Senator Chambliss worked on one of these very important. What are you doing to get the information out to producers about the conservation compliance and sodsaver provisions, and how are you working to make sure the rules are enforced consistently?

Secretary VILSACK. We have had a series of listening sessions and meetings with interest groups in Washington, DC, and around the country to review with them certain conditions and provisions of the Farm Bill.

I think we are emphasizing the importance of understanding that these responsibilities begin the day and the minute the President signed the bill, and I think there is a general understanding. We will continue to work as well with conservation groups to make sure that this message is amplified and reinforced.

Senator KLOBUCHAR. All right. Then last, I do not think I need to tell you. I know you know what a hard time dairy producers have had over the last few years with the high feed prices, the volatile export market.

The new dairy program will help producers manage some of the risk by protecting against wild swings in a producers margin.

One issue I have heard from dairy producers in my State about is the need to ensure that there is a gap between when a producer purchases margin insurance and when the insurance goes into effect to prevent producers from trying to game the system.

What is the USDA doing to ensure that the margin insurance rules reward farmers for taking prudent risk management steps?

Secretary VILSACK. Senator, I will have to get you specific information about that specific question. I can tell you that we are very focused on getting this program up and running in September as instructed by the Congress and that we obviously got the MILC program in place in the meantime. But I will get you a specific answer to the question.

Senator KLOBUCHAR. Okay. I appreciate it.

Secretary VILSACK. I am sure these folks are focused on this. I am just focused on making sure the program is up and running in September.

Senator KLOBUCHAR. Right. I appreciate that and thank you for your good work on it.

Chairwoman STABENOW. Thank you very much.

I understand Senator Grassley was next but he had to step out to meet with a group and I know, Senator Harkin, you need to leave and had asked everyone if you might have the opportunity. So, without objection I understand that has been agreed to.

Senator Harkin, we know that you have to be at another meeting as well so please proceed.

Senator HARKIN. Thank you, Madam Chairwoman and Ranking Member Cochran. It has been a great pleasure to work with you for all of these years and thank you for your hard work together to get this Farm Bill through.

I thank the indulgence of the Committee.

I have known Secretary Vilsack now for probably, oh, gosh, almost 30 years when he first became mayor of Mount Pleasant and then as a State Senator and then as governor and now has Secretary of Agriculture; and I have been a great fan and admirer of his through all these years.

I think if there is one thing that I would characterize your service as through all these years is one of being responsible, responsible and results oriented. Mr. Secretary, Tom, if I can call you that as an old friend, everything I have watched you do from that time

when you had that tragedy in Mount Pleasant and you took over as mayor to your service in the State Senate, as governor, and now as Secretary of Agriculture that the one thing that has always impressed me is that everything you do whether it was legislatively or in the executive branch either federal or state executive, you always had an understanding that everything we do, no matter how we talked about it, no matter how small we get into the weeds on it, it affects people. The end result all we do affects people and affects families. You have never lost sight of that. I just want to thank you for that.

I appreciate your great service to our State, your service to our Nation and as Secretary of Agriculture, and if I just might add just a personal interest of mine, I thank you for all you have done for conservation and the conservation programs in America.

I have some questions on that. I do not have time. I have to chair a health hearing now in another room but thank you for that and also your great leadership on rural energy and the and the wheat program, all of those things we are doing out there to help farmers make sure they get the kind of energy that they need and to produce that we need in America.

Madam Chairwoman, I just thank you for that and thank you, Mr. Secretary, for that. Your great leadership on nutrition programs that you have done has just been outstanding, and I just want to thank you for that and thank you for your leadership, your friendship through all these years.

Madam Chairwoman, thank you for recognizing me. I am sorry. I have to go chair another hearing. Thank you.

Chairwoman STABENOW. We certainly understand that.

Secretary VILSACK. Madam Chair, before the Senator leaves.

Chairwoman STABENOW. Yes.

Secretary VILSACK. Senator, I appreciate those kind words but I think everyone in the State of Iowa and everyone in this country owes you an extraordinary debt of gratitude. If you want to talk about conservation, you cannot talk about conservation and not talk about Tom Harkin in the same sentence.

You have been a leader, the CSP program that you helped to craft is leading the effort along with the EQIP program so that now we have a record number of acres enrolled in conservation, and it is working and it would not have but for your leadership, and no one cares more deeply about folks who work and are struggling than you do.

I really appreciate those kind words.

Senator HARKIN. Thank you, sir.

Chairwoman STABENOW. I would just say amen to that, Senator Harkin.

Senator Chambliss, you are up next.

Senator CHAMBLISS. Thank you very much, Madam Chair.

Secretary Vilsack, welcome back. I want to commend you and your staff over at USDA for committing to implement this Farm Bill in a very quick manner and a very professional manner.

I truly believe we passed a good, solid bill that will work for the people of this Nation. It is a bill that reforms critical farm programs, strengthens the Nation's food security, protects the liveli-

hood of our farmers and ranchers, and preserves our efforts to remain good stewards of the environment.

I would urge that USDA continue to implement the policies as we intended in the bill and where you have doubts that you will come back and ask us for guidance if there is any question about as I know you will.

I want to ask you very quickly about the Brazil cotton case. In an effort to provide every opportunity to resolve that long-standing WTO case, cotton is not eligible for the new PLC and the ARC programs.

The calculation of the cotton loan rates has been modified. The department has broad authority to make administrative changes to the GSM export guarantee program, all of which you are familiar with.

Has the Administration had an opportunity to consult with Brazilian officials since the enactment of the farm law, and assuming you have, what has been the reaction of Brazil to the implementation of these provisions?

Secretary VILSACK. Senator, I think no one wants Brazil to take the next step in this process to convene the Committee to take a look at what next steps could occur as a result of the adverse decision that we suffered.

We have been negotiating and discussing with the Brazilians an effort to resolve this. I think that there has been headway in terms of the GSM program. We are doing an effort to try to educate the Brazilians on the precise nature of the steps that we are taking in this Farm Bill. It is very complex. It is very difficult.

We are in the education process to make sure that they understand that the Congress made a good-faith effort to respond to the concerns that were expressed in the WTO case. Those conversations are ongoing, and it is my sincere hope and belief that we will continue to work with the Brazilians until we get to a resolution, and we are hopeful that gets done soon.

Senator CHAMBLISS. Obviously, all of us are hopeful that a resolution to this will be forth coming in the short term. Assuming Brazil takes a drastic step to ask for a review panel, I am assuming that the department is well-prepared to defend the cotton industry on this.

Secretary VILSACK. We are and we will.

Senator CHAMBLISS. Let me ask you for just a minute about TEFAP. Obviously, we have seen a decrease in TEFAP of about 24 percent over the last several years and we have put some very positive provisions in the Farm Bill relative to additional funding for TEFAP.

America's farmers are deeply committed to helping their local communities and obviously serving those in need and particularly through the food banks.

In Georgia, for example, farmers have donated more than two million pounds of produce and many more are in place to donate additional loads of produce.

I know that food waste is an issue that USDA is focusing on, and I would just like to ask you about grants and other programs that can help food banks capture more nutritious produce and get it to the people that need it.

Secretary VILSACK. Senator, we are working on that. You know, we have over 2000 people's gardens that we have helped generate at USDA facilities, donating over 3 million pounds of produce to food banks across the country. We are working on trying to create additional applications that could be used by those who are delivering fruits and vegetables, say, to a restaurant for whatever reason, if it does not meet the standard of the restaurant, we would like them to have an application that they can click on to see where the nearest food bank would be that would be willing to accept that produce that was not grade A for the restaurant but it was perfectly fine for other uses.

That is part of our food waste effort. We are lining up partners in the private sector. We have over 200 that have already agreed to work with us on reducing food waste on portion sizes, on reusing food, and on recycling food.

There is a major focus on this.

Senator CHAMBLISS. Great. Well, again, thanks very much for your quick implementation of the Farm Bill. It is not going to be easy. They never are easy, but I will say that I have seen more activity out of the FSA offices at the local level over the past three or four months than I had seen in a long time, and they have really done a good job of working with commodity groups to bring our farmers together to explain the Farm Bill in advance of sign-up deadlines, and that is the type of professional implementation that we needed, and it looks like it happen.

Thanks to you and your staff.

Secretary VILSACK. It may be because we put a Georgian in charge of it the oversight.

Senator CHAMBLISS. I did not want to get to that, Mr. Secretary, but obviously she is doing one hell of a job and I am glad.

Secretary VILSACK. No doubt about it.

Senator CHAMBLISS. I am glad that you have her there with you. Thanks to both of you.

Chairwoman STABENOW. I thought that is where you were headed, Senator Chambliss, and I could not agree more.

Senator Bennet.

Senator BENNET. Thank you, Madam Chair, and I would like to thank you and the Ranking Member and the Secretary, all of you, for your leadership in this incredibly dysfunctional town. It is wonderful to be on this Committee and to legislate in the way the American people expect to legislate, Democrats and Republicans working together, in passing not a 10-minute bill or a two-month bill or keeping the lights on in this land of flickering lights that actually passing a five-year Farm Bill.

We are very grateful in Colorado for your leadership and for your leadership, Mr. Secretary, too.

One of the, as you know because we have talked about it a lot, of vital interest to us was the Conservation Title in the Farm Bill; and you and the Chair talked a little bit about the regional conservation partnerships program. That is very important to us.

The Colorado River District is looking for USDA to designate the Colorado River basin as a critical conservation area under the RCPP. The Republican River District wants the Ogallala aquifer designated.

I would like, Madam Chair, to enter their letters of support into the record if that is okay with you.

Chairwoman STABENOW. Without objection.

[The documents follow:]

Senator BENNET. I am out of time but I think I have only gone for one minute.

[Laughter.]

Chairwoman STABENOW. Actually, I think we need to reboot the time line. I think you started with some of Senator Chambliss's time. We will boot up another.

Senator BENNET. One minute, quality not quantity.

Chairwoman STABENOW. Yes.

Senator BENNET. But I would like to enter their letters of support into the record, Madam Chair.

I hope you will, Mr. Secretary, give them strong consideration both to meet the programs criteria. They are water-stressed regions of the country facing regulatory challenges; and as you know, Colorado really is the headwaters State in this country with the headwaters for 19 other states that are downstream of us.

I do not know whether you would like to say anything else about the RCPP program what you are looking for. You said you were having listening sessions. Has anything come out of that yet?

Secretary VILSACK. Well, Senator, I think we are going to try to designate these areas by the end of this month. Then we want to give folks the opportunity to put their projects together.

There are three tranches of resources. \$100 million that came with the Farm Bill, seven percent of the EQIP money and seven percent of CSP acres. We estimate that is roughly \$200 million give or take and that money is going to be divided based on some competitive efforts nationally, 40 percent of it a national competition, 25 percent of it within states.

Colorado will have an opportunity to determine within the State resource where money goes, and then 35 percent will go into these critical care areas, and that will also be a competitive circumstance.

The key here is to try to leverage these resources, and the key is also to look at this from a larger conservation landscape-scale, size effort. We started this several years ago. We think this, as the Chairwoman indicated, could transform the way in which we think about conservation and the effectiveness of conservation.

We are excited about this, and we are looking for as many partners as we possibly can find. We also want to incorporate this in an effort that we will be doing this summer to encourage others who may not be aware of what is going on in rural America to be willing to invest more capital and create more credit opportunities, and conservation will be part of what we will focus on in that effort this summer.

Senator BENNET. Well, we are excited about it too, and we would love to be one of your partners so let us know.

Actually, another question along those lines with respect to partnerships. The application of the Endangered Species Act has become a top of mind issue for a lot of people in Colorado. Let me say for the record that I am a strong supporter of the ESA. It is a statute that has protected a lot of wildlife and a lot of habitat

that makes the West such a special place to live, and we have appreciate it be NRCS's efforts to facilitate habitat conservation for the greater sage grouse.

Can you talk about the agency's ongoing work in this area in light of the certainty that is brought about by the five-year farm bill? I wonder in particular whether NRCS would consider investing additional resources into the Gunnison sage grouse, a species whose habitat lies mostly in Colorado. It is arguably in at least as tough shape or rougher shape than the greater.

Secretary VILSACK. Senator, we started this effort focusing on seven species throughout the United States, trying to create geographic diversity in terms of this effort.

The theory is that if we are asking folks to take steps to protect these endangered species that they have to have some degree of certainty that once they take the steps the rules are not going to change; and once they invest money, the rules are not going to change.

Our theory is that if we can put together a conservation plan that we know will help increase and protect the habitat, that we would work with the Department of the Interior and obtain from them a commitment that if landowners follow certain procedures, they would get up to 30 years of regulatory certainty.

We would be more than happy to take a look at specific species, but our goal right now is to try to focus on the seven which includes the sage grouse, which includes the lesser prairie chicken, and a number of other species.

Senator BENNET. Well, I would love to work with you on that. My concern is that the local counties have done a tremendous amount of work. This is not a case where you have got people of ill will. You have actually got people that are really trying to do the right thing.

My concern is that if we see a listing, all of those efforts have been for naught, and people are going to feel like the folks in D.C. once again are not paying any attention to what is going on at ground level.

The cooperation is enormously important.

Secretary VILSACK. Well, I am more than happy to have Chief Weller get in touch with your staff and we can set up an opportunity to have a conversation about that.

Senator BENNET. Great. Good.

Finally, another provision in the 2014 Farm Bill allows for expedited treatment of our national forest suffering from insect or disease epidemics. We have talked about this before. It is a huge problem as a warming climate and persistent drought has allowed the bark beetle and now the spruce beetle to kill millions of acres of national forests. I want to thank you because very early on in the first Administration you actually came out to see this for yourself.

I enjoyed partnering with Senator Thune to shape the provision that gives the agency knew flexibility to treat these forests while still respecting environmental laws and community involvement.

As you now suggested on which acreage to treat from 36 governors, including Colorado, Governor Hickenlooper, could you talk about the next steps for the Forest Service and can you discuss

how you will ensure the treatments are properly targeted so we do not trigger litigation objections from local communities?

Secretary VILSACK. These areas in terms of the expedited NEPA process are limited to 3000 acres in size. We have received from the governors their recommendations. The Forest Chief Tidwell will be able to amplify or expand those recommendations with his own recommendations.

The key here I think is to have the resources to be able to do the treatment necessary, and that gets back to this whole issue of how we pay for forest fires that have become more intense and longer and much more expensive.

The reality is not long ago, roughly 15, 17 percent of our budget was on fire suppression. Today it is 40 percent and that creates uncertainty. This is why we have proposed and suggested a different way of funding fire suppression that would provide greater certainty in our forest budget which would allow us to make commitments, specific commitments, that we could guarantee and follow through with on the stewardship responsibilities.

We are prepared to work with governors. We are prepared to move forward on these designated areas, but it will be much more difficult if we do not get a handle on how we pay for fire suppression. If we continue to do what we have been doing, treating it differently than other natural disasters, we are going to continue to squeeze the rest of the Forest Service budget, and the progress will be much slower than you would like.

But if we could get a new system that is not about spending necessarily more money but spending it a little bit differently, creating greater certainty within that Forest Service budget, I think you would see accelerated efforts in these areas.

Senator BENNET. Thank you, Mr. Secretary.

Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much.

Now in the nature again as being the bipartisan Committee that we are, we are making a slight change. I thank my Republican colleagues for allowing Senator Leahy, who I know has to chair a Committee, to move ahead and then we will go back since Senator Grassley was here before and then Senator Hoeven. We will have two Republican colleagues and then we will go back to Senator Donnelly and get ourselves back going on track.

But one of the wonderful things about the Committee is having a number of Committee chairs on the Committee, but that means that we need to be flexible.

Senator Leahy, one of our distinguished former chairs.

Senator LEAHY. Thank you, Madam Chairwoman. I thank Governor Hoeven and I thank Senator Grassley too for their courtesy.

I want to echo also what Senator Bennet said as praise of you, Madam Chairwoman, that you kept us all together in getting this Farm Bill out. You had several former Chairman, former Chairs, former Ranking Members. I look around the room's gallery on the wall of several of us.

We came in here under your guidance. You said let us do legislation. Let's not do talking points. Let's do legislation.

Secretary Vilsack, I have to compliment you on that because you and your staff worked so hard. We talked to each other in the eve-

nings and weekends. Adrienne Wojciechowski here on my staff. We sent photographs of her to her husband so he could remember what she looked like because she was practically living down here.

But everybody worked together and I think what a thrill it was when you and I and the Chairwoman went out for the signing of this bill in Michigan, and it is important to me.

I obviously had an interest in the mid-sized dairy farms which are important in my State of Vermont. How the department interprets the premium rates for coverage in the new dairy margin protection program for a farm for the first four million pounds of milk, is going to have a major impact on the rule about midsize dairy farms. These midsize dairy farms often support multi-generations of farm families.

I think it is critical that we encourage these farms to choose higher coverage levels in order to combat the erosion in the middle. This is something the census of agriculture referred to.

There is going to be a steep learning curve because you go from a monumental shift from the milk MILC program where a farm is either in or out. Now, it is no longer a yes or no decision. They must have strategic thinking, consideration of farm's aversion to risk, margin coverage levels, coverage protection, all of the things you were aware of.

A lot of these small and midsize farms just do not have the expertise within them to determine all of that themselves. Are you going to be able to have adequate resources directed to help these dairy farmers as they transition to this new margin protection program? I say this knowing you have had huge cuts in your own budget.

Secretary VILSACK. Fortunately, Senator, you and the Committee and the Congress had the foresight to put together resources for education and for modeling; and those resources, we plan on announcing the distribution of those resources sometime this month; and when we do, that will begin the process of engaging our universities and other constituent groups to give them the tools and the invitation to be able to help us amplify and educate and provide the modeling that folks will be able to use to determine what is best for their operations.

I am confident that getting this money out the door quickly is the best remedy to the concerns that you have which is making sure that people have adequate time and adequate information to make these important decisions.

Senator LEAHY. One of my top conservation priorities in this was the Regional Equity provisions. I want to make sure that the conservation programs benefit all states as required by the 2002, 2008, and the 2014 Farm Bill.

But we have seen in a lot of years when regional equity states did not receive the minimum funding allocations even when there was a proven demand and need.

We have this with Vermont's Lake Champlain, a new EPA TMDL for phosphorus, a lot of complex things that they need. Lake Champlain is the largest body of fresh water in this country outside of the Great Lakes.

Are you going to be able to assure that regional equity states have greater certainty about the minimum conservation funds they

are going to get so that all states can benefit from these important conservation programs?

Secretary VILSACK. Senator, you might be surprised to know that you are not the first Vermonter that has talked to me about this. Your governor called me I think before the ink was dry on the bill.

Senator LEAHY. I had a feeling he might.

Secretary VILSACK. Yes, he did, and spoke at great length. We obviously understand the responsibility that this is the United States Department of Agriculture which represents all 50 states and we have to be very conscious of making sure that the resources are distributed appropriately and equitably. That ought to be a goal, and it is a goal, and we will do our best to comply with the directive.

Senator LEAHY. Then lastly the REAP Zones, the Rural Economic Area Partnership Programs, these are extremely important. We have what we call the Northeast Kingdom of Vermont. It is a very rural area.

In the past, many people, leaders in our State, have said how beautiful it is but have not really worked hard to do much for it. Now, we are doing a lot. The REAP Zone has helped.

It has helped fire departments. It has helped people buy their first homes. It has helped businesses open doors, and I just wanted to encourage continuation of that. I spent a lot of time up there. I go through there. My wife was born in that part. My mother was born in that part of Vermont.

To see the huge return on investment that you made in the REAP Zones up there, the taxpayer is going to get their money back in greater jobs and investment and all but the effect on the people and encouragement. Please keep an eye out for the REAP Zone.

Secretary VILSACK. Well, both the zone in Vermont and the zone in North Dakota were extended in this Farm Bill to 2018. Candidly, I think the REAP Zones and its focus on regional economic development helped to spur our efforts at looking at how this could be done regionally in other parts of the country successfully.

Senator LEAHY. Thank you my much. Madam Chair, I thank you. I thank my colleagues. I should also add to the knowledge that we have former Chairs of this Committee, we even have a former Secretary of Agriculture on the Committee.

Chairwoman STABENOW. That is right.

Senator LEAHY. I wish all Committees were this easy to put together complex legislations.

Chairwoman STABENOW. Well, thank you so much, Senator Leahy, for your essential leadership as we were able to get this done.

Senator Grassley.

Senator GRASSLEY. If I could stand up, I would like to call my Committee members to attention to something that I tried to accomplish in the last Farm Bill, and the Chairwoman was very helpful but we did not succeed in the end even though the House passed this, the Senate passed, or the House passed it and the Senate passed it the same way.

The Conference Committee changed it so it makes it pretty impossible for the Secretary of Agriculture to do what I originally wanted it to accomplish to do.

But this is an example of a general, the legal structure of a farming operation organizes the general partnership in Louisiana. The general partnership was highlighted in a Government Accountability Office report from last fall.

There are 17 different owners of 22 LLCs that make up his general partnership. Sixteen of the 17 owners claim eligibility for farm subsidies based upon active personal management only, according to the GAO report.

According to the last available records that we could find, these managers lived in seven different cities. The chart you give will say nine different cities. That has got to be corrected. It is seven different cities across three different states.

I said that the Chairwoman tried to help us very much to preserve this in conference. You remember you reported to me that you were told, well, you really do not understand agriculture very well.

It is pretty simple to understand the abuse of the farm program with an operation like this for 16 out of 17 people able to collect farm subsidies as the result of this.

As I indicated to both the Secretary before and just now, it is difficult for him to write rules but he was given that responsibility. I wanted to ask him some questions along this line.

This is Section 1604 of the Farm Bill which requires the Secretary to promote, promulgate a rule to better define, quote, "a significant contribution of active personal management," end of quote.

Congress previously approved, as I indicated, a much simpler fix by eliminating this to just one additional person. Of course, you can see with manipulation of the farm program like this you can see that it is pretty difficult for young people to get started farming when you have got abuse of the farm program like that.

Mr. Secretary, I think the first question, I am just going to make a statement, unless you disagree with it. I think this entity that is organized here is just one example that we have from the report to maximize management efficiency is really some things that is organized to maximize farm subsidies.

That is my opinion. Maybe I better ask you if that is too much for you to accept.

Secretary VILSACK. Senator, I think people have been very, very creative with the law.

Senator GRASSLEY. Okay. Then this is a question I would like to have you answer. I think it is simple.

The GAO report cited farm service agency officials who essentially said the definition, quote-unquote, of actively engaged was so broad that—and I am talking about previous to this Farm Bill—was so broad that they could not enforce it even if they wanted to.

Is that something you could agree as something that we heard testimony from some of your people, I mean, before you were even there?

Secretary VILSACK. Yes, I have no doubt that there was some confusion about precisely what this definition is and is not.

Senator GRASSLEY. So then another question. Since the current definition of actively engaged stems from rulemaking, the U.S. Department of Agriculture had authority, even prior to this bill, I mean, our new law, to make changes to the definition before this Farm Bill was signed into law.

That is not an accusation against you. That could be an accusation against any of the previous Secretaries of Agriculture. Would you say that is right?

Secretary VILSACK. I think that is correct, Senator.

Senator GRASSLEY. Okay.

Secretary VILSACK. I think there was an opportunity to define it, and efforts were made. Not an easy task.

Senator GRASSLEY. Okay. Then a follow-up. Does this new Section 1604 limit any of the existing authority—you heard my premise. You have a difficult job. I understand that.

Does Section 1604 limit any of the existing authority you had, meaning prior to the legislation, had to change the definition of actively engaged before the Farm Bill passed? I hope the answer is no.

Secretary VILSACK. Well, I am not sure about that, Senator.

Senator GRASSLEY. Okay.

Secretary VILSACK. The way I understand it the modification and the restriction that was then placed by virtue of the 2014 Farm Bill really, really narrows the capacity of the Secretary in this particular space. As I understand it, you essentially said, in essence, if it is a family farm, with a very broad definition of family farm, you cannot be focusing on actively engaged within the context of a family farm.

Senator GRASSLEY. You are right. I agree with that.

Secretary VILSACK. That creates a very, very narrow lane in which the Secretary can act. I have asked our team to educate me fully on all of the examples that people have raised about the concerns, because at the end of the day it is not really about credibility, it is not just about all that you mentioned, it is about the credibility of the farm programs to the 99 percent of America that does not farm. I think it is important.

It is also recognizing that farming is different. Farmers in Iowa, the way they farm is a little bit different than the way they farm in Mississippi and probably different than the way they farm in Michigan.

You have to understand and appreciate that. But you also have to take a look at ways in which people have been quite creative and ask yourself is this consistent with what the purpose of these programs are and I think the purpose is to reduce the risk of farming so people can stay in the business when mother nature does not cooperate.

Senator GRASSLEY. I think basically I agree with you but let us go down that narrow lane then that you are talking about.

Since it does not say anything about your existing authority that you had prior to this legislation, you can still fix this problem for all farms consistent with the single extra manager approach that Congress approved.

Secretary VILSACK. I am not sure about that, Senator. I would be happy to look at that.

Senator GRASSLEY. Could you look at that?

Secretary VILSACK. Sure. I would be happy to look at it.

Senator GRASSLEY. Communicate with me.

Secretary VILSACK. Sure.

Senator GRASSLEY. Okay. Then my last question. The Government Accountability Office report also outlined that the FSA was not doing its compliance reviews in a timely manner. Has the Farm Service Agency taken any steps to fix that problem at the state level?

Secretary VILSACK. Well, I think we are trying to adjust to the fact that the workforce has been reduced by 20 percent because of budget reductions, and we are trying to create a little better structure to our Farm Service Agency offices that would enable them to do all the work that they need to do.

I can assure you that we are going to take compliance and the integrity of these programs very seriously.

Senator GRASSLEY. Let me explain or just supplement what I said. We seemed like we had a lot of examples in the GAO report where at the local level there were a lot of decisions made that certain farming operations were not being actively engaged say, and later on an appeal at the state or the national level, except in one or two instances, they were overridden.

Secretary VILSACK. I think our goal is to provide enough certainty and clarity that we do not have a whole series of appeals, that everybody knows what the rules are.

Chairwoman STABENOW. I would ask you to wrap up, Senator Grassley.

Senator GRASSLEY. I have no more. You bet. This will be the wrap up then.

Going back to what you said you would look at and discuss with me, it is in that narrow area of things that are not defined as family farmers.

Secretary VILSACK. Yes.

Senator GRASSLEY. Okay. Thank you.

Chairwoman STABENOW. Mr. Secretary, I just want to associate myself with Senator Grassley and I believe we have given you authority to address abuses and am confident that you will be able to proceed to do that.

Secretary VILSACK. Some authority, Madam Chair.

Chairwoman STABENOW. Well, we are looking forward to you using the authority you have. Thank you very much.

Senator GRASSLEY. Very much as you can.

Chairwoman STABENOW. Yes.

Senator Hoeven.

Senator HOEVEN. Thank you Madam Chairman.

Secretary Vilsack, Governor Vilsack, good to be with you and working with you in your capacity as Ag Secretary. Thanks for your work on the Farm Bill.

I also want to thank the Chairman and the Ranking Member again for their work on the Farm Bill, and I also want to thank you for your rapid implementation of the Livestock Indemnity Program, very important in the western part of our State and in South Dakota; and I have to say you really did jump on that and it is much appreciated.

I think this is a good Farm Bill. The implementation is going to take a lot of work to do as well. I know your people are working on it very diligently. I think it also would be quite useful for you to hear from farmers and ranchers on the ground. You have been out to our State before, and I would like to extend an invitation for you to come out, and I hope during implementation that you would be willing to do that, to come out and visit with some of our farmers and ranchers in our part of the country and get their input as you engage in the implementation.

Secretary VILSACK. Senator, fortunately, they do not let me guarantee my schedule but I will do everything I can to make sure I am available to folks.

Senator HOEVEN. Good. Well, if you would work with us, we will see if that is a possibility, and I think it would be useful for you. We have a very diversified Ag base both on the farming and ranching side, and I think that would help.

Secretary VILSACK. Not as diversified as Michigan, but, yes, I know it is diverse.

[Laughter.]

Chairwoman STABENOW. That is true. I am so pleased, Mr. Secretary, that you remembered that.

Senator HOEVEN. I would be willing to kind of debate that one anytime.

[Laughter.]

Senator HOEVEN. What I do want to talk about for a minute though is the wetlands mitigation bank that we included in the Farm Bill to help our farmers deal with their conservation compliance costs.

That is one of the issues I think you can hear from our producers on, but just your thoughts now is you work to make sure that as you implement conservation compliance that you are doing it in a way that is farmer friendly and does not impose undue burdens or costs on our producers.

Secretary VILSACK. Well, in terms of the mitigation bank, it is our intention to get this up and going by early 2015. We understand and appreciate especially in your neck of the woods that there have been a lot of issues that needed attention. We are doing our best to try to play catch-up on some of the things that may have gotten a little bit out of hand in terms of wetlands.

I know that the approval process and the certification process, it created a huge backlog, and we have tried to address that. We have cut it in half. We have got a new initiative to put more people on the ground to help.

We are going to do everything we can to make sure that we are farmer friendly and to try to get these determinations made as quickly as we can.

Senator HOEVEN. That would be much appreciated. This is an area where the Chairman and I actually disagreed in terms of the tying crop insurance and conservation compliance together.

Of course, that is why we included language on acre for acre mitigation, and also this wetlands mitigation makes it very important that as you move forward with implementation of this Farm Bill that you are talking to our farmers about how that is done to

provide them with the certainty that they need so that, like I say, it does not create undue costs and burdens for them.

Secretary VILSACK. Well, NRCS is working to figure out ways to best communicate the option that producers have, and we will continue to do everything we can to make sure they have the information they need to make the right decision for their operation.

Senator HOEVEN. Along that line, I want to go to a new regulation that the EPA has put out, Waters of the U.S. This is one that I am absolutely opposed to, that our farmers and ranchers are terribly concerned about not only because of the potential complexity and difficulty it creates for them but also the potential legal liability.

Now, I think it was in front of our Energy Committee or maybe one of the Appropriations Committees. Gina McCarthy, Administrator of the EPA, came and testified in front of us and indicated that she was going to work with you I think and also with the Corps of Engineers on that implementation.

This concept of significant nexus I do not agree with and I think is absolutely going down the wrong road. What assurances can you give me that this is not a good big-time problem for our farmers and our ranchers?

Secretary VILSACK. Well, I think it is important to note that the Waters of the U.S. essentially says very clearly normal farming practices are not going to be impacted and affected.

The Administrator has assured that this is not designed to provide more regulations in terms of ditches, and what we did was that we suggested the need for greater certainty and clarity which is why they have identified 56 conservation practices that will not require notification or permitting.

That list can be expanded over time through an MOU that we have entered into and will enter into with EPA and the Corps. As situations arise, as folks confront challenges, I would fully expect that list is going to continue to grow and that list basically does provide farmers and ranchers a great deal more certainty than they had before because they can now be assured that if whatever they are doing is on that list, they do not have to notify anybody, they do not have to ask permission. They can proceed forward.

We will continue to work with folks. I think the key here, Senator, really is for people to really understand what this covers and what it does not cover, and they are making an effort to try to make sure people understand, normal farming practices not impacted. Additional regulation of ditches, not the case. Conservation practices, 56 do not require notification. No notice, no permit.

We will continue to work with you. If there are certain circumstances and situations where your farmers are proposing certain things and saying, well, what about this, get them to us and we will try to help say what the answer is for each individual situation. We are working with them.

Senator HOEVEN. In asking EPA some of the same questions from the perspective of the farmer, if you have got a farmer and rancher who is engaging in his operations under this significant nexus, it appears to me they are at risk downstream to any group based on what occurs in the, quote, navigable bodies of water.

That is why we are adamantly opposed to this, and I think if you talk to farmers and ranchers you will understand that they are very concerned because EPA is not telling them that they are protected from liability downstream in the navigable bodies based on whatever farming or ranching activities that they may be undertaking. This is a big problem for our producers.

Secretary VILSACK. Well, Senator, we are visiting with producers on a regular basis and they are expressing concerns; and as these concerns are expressed, we are working with our colleagues at EPA to make sure they fully understand and appreciate.

This is, as you know, not the final. There is an opportunity I think for additional education and comments, and I think EPA is taking that into consideration, and I think they are hearing the concerns, and I would not be surprised if they are not addressing and trying to respond to those concerns.

Senator HOEVEN. Well, and this is why I think it is very important that some of our farmers and ranchers have a chance to visit with you on this and other important issues.

Thank you.

Chairwoman STABENOW. Thank you very much.

Senator Walsh.

Senator WALSH. Thank you, Madam Chairwoman.

Mr. Secretary, thank you for coming and thank you for your service.

The Farm Bill is Montana's Jobs Bill. The programs in the bill support jobs across the State, both on and off the farm. From risk management tools for farmers and ranchers to investment in rural economies to conserving our outdoor heritage, the Farm Bill is a one-stop shop for supporting rural America. It took too long to pass a new Farm Bill but thanks to support across the country and the leadership on this Committee, we have a chance to rebuild public trust by making sure it is quickly and fairly implemented.

I commend your efforts in moving quickly to roll out the livestock disaster programs. Montana ranchers need that support from past losses from drought and blizzards.

I am also happy to see the roll out of the Voluntary Public Access Program. This program holds incredible promise to continue opening up access to prime fish and wildlife habitat in Montana for hunting and fishing, building on Montana's success with block management, and it will help sportsmen and land owners alike to continue to grow our 2.5 billion outdoor industry.

But for the new Farm Bill programs in particular, it will take dedication and resources to get these right. I am deeply concerned that the cuts and office closures in the budget proposal will make it more difficult to get these programs out quickly and educate farmers.

I sent a letter to your office on this very issue recently and I am still waiting on a response. We cannot shut the door on farmers and ranchers. They are the backbone of our rural economy, and closing even more offices would have a devastating impact in Montana where each office already covers many more acres than other states.

Related to that, USDA is not utilizing the community-based grassroots organization of the FSA. FSA folks on the ground across

Montana are unable to start answering questions about the new programs from producers in their counties. I know they do not have the answers yet, but it is important that they feel free to talk to farmers about the new programs. This will help identify local problems and solutions before it is too late.

On a more personal note, I was happy to see the provision that created the Military Veteran Agricultural Liaison. I know it can be hard adjusting to civilian life after active duty, and this position will allow USDA to have a central resource for veterans seeking opportunity in agriculture, creating jobs across Montana and across the country. I encourage you to act quickly to fill this position.

Now, there are a few Montana priorities I would like to discuss. My first question, Mr. Secretary, is that the Farm Bill provides the opportunity to update payment yields which will be used in calculating a payment under PLC.

This update for those who choose it will allow productive Montana farmers who enroll in the PLC to have a program that better aligns with their good farming practices.

The bill also allows a voluntary base reallocation. Planning patterns have shifted quite a bit in parts of Montana. Some farmers want their base acres updated to reflect that transition. As you know, farm policies change over time, and it is common to use pieces of previous programs such as base acres and program yields; and for that reason, it is critical that the opportunity to update yields and reallocate base be offered to all farmers regardless of which program they choose. It is also important that FSA start the process as quickly as possible.

My question is. Will all farmers be provided these opportunities and what steps have been taken to implement these two provisions?

Secretary VILSACK. It is our hope that by the fall folks will be able to make appropriate adjustments to their acres and production. Our goal, Senator, is to try to get information out to folks so that they can begin the process of evaluating precisely how these programs would operate.

That is why it is important for us to focus on getting the education money and the modeling money out which we are going to try to do this month. So, they will have that opportunity and they will also have, I think, adequate time to be able to evaluate the impact of these programs.

I will tell you that we will continue to work with our local folks at the FSA offices. I am happy to visit with you about the issue of FSA offices because I am not sure that we have done a good enough job of explaining to you that this is not really about cuts, it is about restructuring the way FSA works so it can be better at its work, better at its job.

Senator WALSH. Okay. The Ag land easement program administered by the NRCS has potential in Montana to serve our working lands. Montana land trust used the previous easement program to conserve 111,000 acres of our most productive land.

Unfortunately, the usefulness of the easement program has been threatened by moving the decision-making from Montana to Washington. This has made it harder to get waivers for requirements that do not make sense on the ground in Montana.

The result is that thousands of acres in Montana could be locked out all due to restrictions that do not advance the goals of the program on those particular properties.

Also the success of the new easement program depends on Montana's NRCS staff's ability to accommodate Montana's agriculture practices. State offices should have the flexibility to waive regulations that reduce the Ag viability of the land while bringing no conservation benefits.

How much flexibility will be given to state conservationists in the new Ag land easement program?

Secretary VILSACK. It is my understanding that they are, that we look upon them as the principal decision-makers. One of the things that we attempted to do was, rather than being prescriptive in terms of how much money could be used for easements and how much money could be for wetland restoration, that we are giving state conservationists the ability to sort of gauge what their need is in individual states and then they can essentially appropriate and allocate the resources according to the needs.

It is not going to be siloed. It is not going to be dictated to them. They are going to have some flexibility to be able to say, for our state more easements are important; for other states, more wetland restoration would be important.

Senator WALSH. Okay. Thank you.

Finally, the bark beetle infestation in the West has killed trees on millions of acres of forest land in Montana and across the West.

Beetle kill hurts our rural economy by increasing risk of wildfire, reducing marketable saw logs, and discouraging tourism. Addressing the issue up front will save money in the long run.

Governors across the country are awaiting your decision about the proposed designations for priority landscapes for treatment under the Farm Bill. In this critical period of planning ahead of seasonal vegetation management, are you confident the Forest Service can get work completed on the ground this year, using the insect and disease language in the Farm Bill?

Secretary VILSACK. Well, I am confident that our Forest Service will do everything they possibly can to do the work that is necessary, Senator.

I would say that the long-term capacity for us to do the job that you want us to do and that we want to do is dependent on us getting a different way of funding fire suppression. The fire suppression budget eats up a substantial amount of the Forest Service budget and creates the need for us to take money from restoration and rehabilitation resources to be able to fight fire suppression.

It is replaced the following year but the problem is there is never any certainty about those resources. I think it's extraordinarily important that the Congress addressed this, create a new and better way of fighting the fires and funding the firefighting which gives you greater certainty in the restoration and rehabilitation portion of the Forest Service budget.

If you had that, if we had that, we would see accelerated activity in this area. We totally agree with you there needs to be a tension.

Senator WALSH. All right. Thank you, Mr. Secretary.

Madam Chairwoman, thank you.

Chairwoman STABENOW. Thank you very much.

Senator Thune.

Senator THUNE. Thank you, Madam Chairwoman.

Mr. Secretary, thank you for being here and I want to take this opportunity to thank you too for prioritizing livestock disaster program implementation and for beginning to take those applications on April 15 of this year, and I also want to thank you for sending Undersecretary Scuse to South Dakota a couple of different times since the October blizzard that we had out there.

There were several hundred livestock producers in South Dakota who lost tens of thousands of head of livestock during that blizzard and the Livestock Indemnity Program is really their only lifeline to sustain their operations.

I am wondering if you can provide an update with how many LIP and LFP Livestock Forage Program applications you have received in South Dakota and the status of payments that have been issued for these programs.

Secretary VILSACK. Senator, roughly twenty-five hundred applications between the two programs have been submitted from South Dakota. I can get you the specific dollar amount that has been distributed. It has been \$16 million nationally. That number is probably dated. I get a report every Friday nationally in terms of all four of the disaster programs. I can tell you 33,000 applications nationwide.

Primarily in the forage program is where a lot of the payments have been made. A handful of payments have been made but we are processing them as quickly as we can.

In South Dakota, 2260 livestock forage applications and 535 LIP applications. It does not tell me how much money has been spent but we will get those numbers to you.

Senator THUNE. Thank you. I want to ask a question too about the Commodity Title included in the Farm Bill because it is significantly different from and much more complicated than the direct payments that title replaces.

The new Commodity Title includes ARC with this calendar year or farm level option. PLC within SCO option. There are one time choices that will last the duration of the Farm Bill or through the 2018 crop year.

With commodity crop margins expected to continue to be much tighter over the next few years, adequately educating farm program participants is going to be extremely critical.

My primary interest in the issue is to ensure that USDA recognizes and supports the need to select a lead institution that will ensure programs of interest to producers in the Midwest and the northern plains including county and farm-level ARC as well as the PLC options are fairly represented in development of a web-based decision tools that are going to be available to producers.

Since there are regional differences and differences in crop production methodologies and marketing, would you agree that if USDA would utilize multiple universities that are geographically diverse, more superior web-based decision aids would be developed?

Secretary VILSACK. Yes, I think there is a recognition, Senator, that we have to be very careful about these selections for the very reason that you have addressed. If the modeling is skewed to one

commodity or another, you will end up maybe making the wrong decision in some parts of the country.

We are going to do everything we possibly can to make sure that these resources are distributed to folks who are capable of establishing models that will be of most help and that will reflect the diversity of American agriculture.

That is the goal. I cannot tell you today whether it is one or multiple but I can tell you that the goal for certain is making sure that there is no regional bias one way or the other, and I think that is important.

I think folks are going to need information to be able to make. This is a very important decision. It is not a decision that they can reverse year-to-year. It is a once, this is it for five years.

We want to make sure we give them adequate information. We want to give them time to be able to evaluate. We want to give correct information. That is the focus, and that is why we are trying to get these resources out by the end of this month.

Senator THUNE. Great. Well, if you could, I think it would be really helpful to have one or more mid-western universities involved in that process if you could do that.

Could you give us an update on CRP and implementation, general time line for sign up for general and continuous CRP?

Secretary VILSACK. We expect and anticipate that the continuous sign-up will resume sometime this spring. I have not yet made a specific decision relative to the general sign-up.

There are some complexities. We have changed the program a bit and I want to make sure that, as we look at these changes, that we do the very best we can to maintain this program but the continuous program will be resumed very, very shortly.

We expect and anticipate continued interest in the continuous program, and I think the fact that we are going to see constrained acreage in CRP really forces us to be very focused on how we use these acres most effectively, and the continuous program gives us that flexibility to really focus on habitat or on pollinators or whatever it might be and on highly erodible lands.

Producers are going to be given the right potentially to make a decision to opt out.

Senator THUNE. Right.

Secretary VILSACK. That is what I sort of want to be able to evaluate in terms of its impact on the general sign-up and how that opt-out procedure will work. We are in the process of finishing that. I think very shortly we will be making an announcement on where CRP is, but in my own mind I am not quite there yet.

Senator THUNE. I just want to point out one thing. This is something that has to do with midterm management practices which I think needs to be addressed when that new CRP regulation is drafted.

I have heard from far too many producers in South Dakota who have been told that the only midterm management practice approved for them is to either burn the permanent vegetative cover or to cut and bale it and then burn the bales.

It seems to me that a much more reasonable alternative would be for all CRP practices that are subject to midterm management to allow the cover to be harvested, donate it to a third-party with

either a minimal reduction in the payment or no reduction at all, and discontinuing payment for midterm management practices.

Everyone wins if this occurs, and the CRP contract holder, the taxpayer, and you get no reduction in wildlife or habitat benefits. I am wondering if you might consider making a change in CRP midterm management.

Secretary VILSACK. Well, I think we recognize, we have heard the same concerns that you have and I think we recognize the need for more flexibility and the utilization of common sense.

In fact, we just sent a bulletin out to our field offices in the last week or so on this issue. I think you will see more flexibility. I think you will see more common sense on this. I think we learned a lot during the drought in terms of the need for flexibility.

I would expect you will be more satisfied than you have been.

Senator THUNE. Good. That would be great. I mean, this is something that consistently is raised by producers is they look at this, this program and the way that it gets managed and it just makes no sense, particularly when you look at all the loss of cover. In our State wildlife habitat is a very important issue as well.

Secretary VILSACK. I think that one of the things that I have learned in this process is that we really do need to be sensitive to how we make decisions about CRP because they are subject to being questioned in litigation which basically slows the whole process down.

So, to the extent that we can be collaborative, to the extent that we can reach out to folks who have an interest and a stake in this and learn from them and attempt to be somewhat flexible and somewhat understanding of the various interests at stake here, I think we could do a better job of avoiding confusion, a better job of providing flexibility and perhaps reduce the amount of litigation involved.

Senator THUNE. Good. It would be great if you could reduce litigation. I hear what you are saying and I understand that is something that you have got to prioritize but people look at burning bales or burning vegetative cover, they are just going why are we doing this.

Thank you, Madam Chairwoman.

Chairwoman STABENOW. Thank you very much. Before turning to Senator Casey, I just want to underscore, Mr. Secretary, one thing that Senator Thune was talking about on education outreach. Actually, it was our intent in writing the language more broadly that we would not have just one institution or one region doing this but that we would have multiple institutions throughout the region.

Senator THUNE. Even if it is Michigan State.

Chairwoman STABENOW. That would be good, that would be a great place to start, but we certainly do not want to see all of it going to one institution. I know you understand that.

Senator Casey.

Senator CASEY. Madam Chair, thank you.

Mr. Secretary, thank you for being here this morning. I am sorry I had to run in and out. We are doing some juggling this morning.

But before I get to questions, I wanted to try to maybe explore three issues. Dairy, an issue you and I have talked about over many years and I have always been grateful for your help and for

your understanding and the knowledge, of course. Dairy, microloans, and maybe healthy food financing initiative.

But let me say first, I am grateful for your leadership at this department at a very tough time in our Nation's history. It is a very difficult time to be running any substantial agency with all of the rancor and partisanship in this place but also with the sometimes limited funding that is available to do the things that we hope to do, and we are grateful for your public service all these years in a tough job.

I am remembering. I do not know if you remember this, but I think it was maybe August of 2012 or September of 2012. We were together at a meeting. You were writing down all of the various programs that were directly impacting Pennsylvania with dollar amounts.

I do not think I saved that but I should carry that card around because we need to remind folks about what is working and what is positive and constructive. I am remembering that as an indication of good progress.

On dairy, we have had, in all the discussions that you and I have had about Pennsylvania, you have roots in our State. You know it well. We are second only to Wisconsin in terms of the number of dairy farms, and a lot of that story as you have heard me talk to you about and as you understand has been a difficult and a sad story.

Families, one-or two-or sometimes three-generation family when they get to the current or the next generation, people in their 20s or 30s or 40s turning to their parents and saying I cannot do this or their parents saying to them you probably cannot do this.

It has been a difficult story but we have got a little bit of good news to report in more recent time frames. Milk production in Pennsylvania is up nearly half a percent from a year ago; and with milk quality, reproduction, and herd management benchmarks improving, dairy exports are at an all-time high.

Some good news there. The first question I had for you was on the dairy margin protection program. Talk a little bit about the implementation of that.

Secretary VILSACK. Senator, we are on track to get this implemented by the September deadline that you all established in the bill. We obviously have work to do and that is part of why we are trying to get the education materials out and the web-based tools out so folks can make appropriate decisions.

I certainly sympathize with the concern that you expressed about the small and midsize operators. It is not just about the dairy margin program. It is also about creating additional market opportunities which is why we have been focusing on local and regional food opportunities because often times you have the midsize producer competing against a very, very large producer who has, by the nature of their facility, greater efficiency, greater ability to provide quality and quantity.

What we are trying to do is create alternative market opportunities where those small to midsize operators are not competing against the big guy in a commodity-based market but are directly relating to a consumer and a customer that they personally engage in.

Our hope is that it creates more opportunities for folks in the middle to stay in business but it is no question it is tough. We are going to get this program up and going in September. Hopefully, that will provide some help and assistance as well.

Senator CASEY. That is great, and I am glad you mentioned those smaller dairy farms and the margin protection program as it relates to them.

I wanted to ask you about microloans. We know that the Farm Bill established cooperative lending pilot projects to aid in the administration of microloans. I just wanted to get your sense.

I guess this is section 5106 implementing those cooperative lending microloans programs. Can you talk about the implementation of that section of the bill?

Secretary VILSACK. Let me just check. My focus frankly, Senator, has been on getting us in a place where we can increase the loan amount on the microloans from 35,000 to 50,000, and we expect and anticipate to be able to do that sometime this fall.

We are still evaluating the pilots to try to figure out precisely how that could happen and in what circumstance. But with your question, we will go back and take a closer look at that issue.

Senator CASEY. I am grateful. What I have tried to do over several years now is to try to create some opportunities where committees can have the benefit of those microloans where it is not only targeted but it is also in the context of incentivizing the growth in local markets, kind of home-grown food, and using microloans to stimulate that kind of activity.

Finally before we wrap up, the Healthy Food Financing Initiative, another positive story to tell. We are seeing in Pennsylvania that the program right now is supporting renovation and expansion of existing stores in our State—I am sure this is true in other states as well—so they can provide healthy foods that communities want. Something like 88 stores and 5000 jobs.

There is a \$30 million investment of State dollars that has resulted in projects totaling \$190 million. A great synergy between what the State was doing and what now the USDA is doing to help with that.

I know part of that implementation is not just USDA but it is also HHS and Treasury. Anything you wanted to tell us that or any kind of an update?

Secretary VILSACK. The fiscal year 2015 budget that we proposed includes money for the implementation of that healthy financing initiative at USDA. It is authorized but resources have not been appropriated so it would require an appropriation in 2015.

Senator CASEY. Okay.

Secretary VILSACK. We have been working with the Health and Human Services folks and with the Treasury Department in the use of credits in their grant program to try to encourage more focus on food deserts and food areas where there is a need for full-scale grocery stores or smaller operations that provide greater selection than a convenience store.

Our focus I think at USDA has been primarily, initially in this space is to create new market opportunities for those small to midsized producers.

We have been working on expanding farmers' markets, working on food hubs which will allow for an aggregation of locally and regionally produced food.

Today we are announcing the farmers' market promotion resources and the local food promotion resources that will be available under this Farm Bill, roughly \$30 million. That is going to be potentially of some help and assistance as well.

Senator CASEY. Thank you very much. Thank you for your service.

Secretary VILSACK. My staff just provided me a note that there is a listening session on this issue on the 30th of this month in case your staff is interested.

Chairwoman STABENOW. Thank you. Very exciting. The Healthy Food Financing Initiative was a very, very important issue. Thank you, Senator Casey, for raising that as well.

Senator JOHANNIS, we were talking before you arrived about having a former Secretary of Agriculture on the Committee. We will certainly miss you as you leave us at the end of the year, but we were glad as always to have your voice.

Senator JOHANNIS.

Senator JOHANNIS. Well, thank you very much. I have to say I think this is the best Committee in the United States Senate. In your leadership both the Ranking Member and Chair could not be better. So, I thank you. I will miss you.

Mr. Secretary, it is good to have you here and I am going to give you a compliment. Every time we have asked you to show up and explain your budget or explain something that was going on, you have done it, and I want to tell you how much we appreciate that because it helps us do our job, and it makes the USDA more accountable which in the end we both agree is a good thing.

I applaud you and your team at USDA for recognizing the important role that we play in on these Committees. I thank you for that.

Secretary VILSACK. Thank you.

Senator JOHANNIS. Let me, if I might, focus on a very specific provision of the Farm Bill. I offered an amendment to establish an Undersecretary for Trade in Foreign Agriculture Affairs.

Almost immediately then Senator Max Baucus spoke up and embraced the idea, and so it became bipartisan from the moment I offered it. It got substantial support here. It got substantial support in the United States Senate and became a part of the Bill.

Part of the provision there provides that by August 6 you will report to us on the implementation of that. I just was curious, want to know, where are you at in terms of the discussions about that? Where are you at in terms of thinking about reorganization plans and how that is going to fit in and do you believe you will meet that August deadline?

Secretary VILSACK. Senator, this is a lot more complex than I initially recognized. I can tell you that we had a meeting in my office where folks began to explain the various subparts of USDA that have some either direct or indirect connection to trade as you well know from your previous experience.

There are obviously equities and passions and concerns that people have expressed. So, we are in the process of evaluating all of

those equities and making sure that we do a good job of identifying every aspect of USDA that may have involvement in this decision so that the report that we provide you is as complete as it can be.

I do not want a situation where we report to you and then someone says, well, what about APHIS' role in trade and why did you not include that and if you are going to include how do you include it.

I want you to know that we are talking about this, and I recognize the need for a thorough and comprehensive review of it. We will do everything we can to meet the August 6 deadline.

I do not know whether we will meet that or not to be candid. We will not meet it if, in order to meet it, I am going to sacrifice the quality of what I give you, but we will do everything we possibly can to get there by August 6th.

There is a lot going on at USDA as you well know. We have had reduced workforce. We are continuing to stress budget constraints. So, we will do our best and we are taking this seriously and we are looking at it and we will do the best we can to give you as good a report as we can.

I will tell you this. I do recognize the importance of trade generally to agriculture. I mean, we have had five or six good years in trade and that has certainly helped to stabilize farm prices across the board. We want to continue that and we also recognize how complex this issue is.

Senator JOHANN. Let me offer a thought because I think you are enormously diplomatic. I can only imagine sitting in your office—

Secretary VILSACK. You do not have to imagine it. You were there.

[Laughter.]

Senator JOHANN. —and the people coming in and the various turfs and I can just feel the pressure of that weighing down on you because we have said to you we want to hear from you by August 6.

Thirty farm groups supported this. This had substantial support. Let me use this opportunity just to say to USDA this is really important. This is one you cannot outlast me because there are other advocates who want this to happen.

There are 30 farm groups that want it to happen, and it just makes sense. You know, I look back at my time at USDA and so much of what I did was trade related. I would have given anything to have this position in place, and I get the complexities, I do, and I get the turf, I get the battles that are going on.

Secretary VILSACK. If I can just say one other thing, Senator. It is further complex because our deputy, Darci Vetter, who has been so heavily engaged in trade discussions is now being proposed to move over to USTR.

It is timely but there are a lot of moving parts here and I do not want to suggest to you that my answer should indicate to you that I do not think it is important or that I do not think it is something that we should do. I just want to make sure we do it right.

Senator JOHANN. Yes, we want it done right and we want it done. So, that is two things they need to do. It is very straightforward.

Let me, if I might, turn to trade. I have been offered the opportunity many times, as all of us have on this Committee, to talk about TPP, TTIP; and I have offered the opinion that I do not see a pathway to success with either one of those without trade promotion authority.

I just do not think a trading partner is going to negotiate and give back and forth when they know that 535 people, after the agreement is reached, can hit it, amended it or whatever.

I would like your comments on that. The President mentioned it in his State of the Union address. How important is it for us here in Congress to support the President on this one, and I do support him and I will help him in any way to get this, but how important is it to get those trade agreements done?

Secretary VILSACK. Well, there is enormous opportunity for expanded agricultural trade with these two trade agreements. There are hundreds of millions of new customers that we could appeal to and that we would basically win a significant percentage of because of the quality and quantity and the price that we can provide.

Having said that, I do not think we should underestimate the difficulty of these negotiations whether you had TPA or not, whether you had trade promotion or not, they are still going to be extraordinarily difficult because there is resistance on the part of some of our trading partners to open up their markets as open as our markets have been.

I think there are two ways to approach trade promotion authority. You pass it and then you get the agreements or you get a decent agreement, a good agreement, you go to Congress and say, look, you got this opportunity. Trade promotion authority would fast track this. A great opportunity. Let us take advantage of it.

I think either way you could get to where you need to be. But I do not want to underestimate the difficulties of these negotiations under any scenario. The Japanese are very difficult. I think there is a pathway to potential progress there but there is a lot of work left.

Senator JOHANNIS. Thanks. Thanks, Madam Chair.

Chairwoman STABENOW. Thank you very much.

Senator GILLIBRAND.

Senator GILLIBRAND. Thank you, Madam Chairwoman. Thank you, Ranking Member. I so enjoy the work that we do on this Committee and I am grateful that you brought our Ag Secretary here to begin to discuss the Farm Bill.

Mr. Secretary, it has been an honor and privilege to work with you. I think you have done an extraordinary job in meeting the needs of farmers all across America, and I want to thank you for your service.

I would like to talk a little bit today about dairy if that is all right. In the 2014 Farm Bill, we required a number of changes that will impact dairy farmers across the country.

Now, in New York, we have lost a lot of cows. We lost about 65,000 cows between 2002 and 2012 and nationally dairy farmers have lost about \$20 billion in debt equity between just 2007 and 2009.

2009 was a horrible year for dairy pricing. The average dairy farm in New York State are small dairies. They are 150 cows and they typically have received MILC for free.

Now we have a new program and my question is. How will the USDA conduct outreach to the smaller farmers to help them at enroll them in the new margin insurance program to ensure that they are still covered in the event of another bad year like 2009 and how will your USDA field offices help farmers decide what level of coverage to purchase?

Secretary VILSACK. Well, the first step in the process is to get the educational materials and the decision-making materials which is why you all have had the foresight to provide up to \$6 million to be able to do that. Those resources are going to go out the door very, very soon.

That will allow us to engage our university partners in getting information out and in an appropriate way. It will also equip interest groups that have an interest in all of this to be able to begin the process of educating their members or constituents, their customers.

Our FSA offices obviously will have information and will be in a position to be able to respond. Our goal here is to provide producers, whether it is dairy or any other producer, sufficient and adequate information and the time to make appropriate decisions.

I think getting the educational resources out the door by the end of this month is clearly important to accomplish both of those.

Senator GILLIBRAND. Do you think the margin protection program will be ready for September 1?

Secretary VILSACK. Yes.

Senator GILLIBRAND. That is great. Do you think FSA has all the stuff they need to do for what they need to do?

Secretary VILSACK. Not today but they will.

Senator GILLIBRAND. By then. Okay.

Also related, the new Farm Bill stipulates that you cannot have both livestock gross margin and a margin protection program at the same time but a lot of our farmers have been using LGM since the good risk pool.

The problem is that farmers purchase contracts at various increments in time but usually for a period that covers several months. So, these are farmers who are beginning to purchase contracts that are going to the fall. These farmers want the opportunity to evaluate MPP when the rules come out and decide if it is right for them but do not want to give up their LGM.

The question is. How will the Secretary work to provide clarity on LGM dairy transition given that the new margin protection rules are still pending?

Secretary VILSACK. Senator, I want to give you a correct answer on that so if you will let me get back to you.

Senator GILLIBRAND. Okay.

Secretary VILSACK. Because, as I sit here, I do not know the precise answer to that. I do know while that program is important, it is so inadequately funded it takes hardly anything in to get the resources used up.

Senator GILLIBRAND. Okay. Maybe just give that to the package of the FSA folks as you are training them for September 1, just

that one piece, make sure they can advise the farmers accurately what to do.

Secretary VILSACK. Good point.

Senator GILLIBRAND. Second topic I would like to bring up is the healthy food financing initiative. This was really important for me because a lot of our communities do not have access to affordable fruits and vegetables and whole foods.

I was really excited that we authorized it. It provides loan and grant financing to attract grocery stores and other fresh food retailers to underserved areas, urban, suburban, rural.

You would be surprised, in New York State, we are one of the bountiful states but we have food deserts in the north country. We have food deserts in the Bronx.

It does not matter if you are a big city or highly rural or mountainous, just access to healthy foods is sometimes very difficult. So, the question is. Can you assure us that the healthy food financing initiative will be administered in such a way that can get to all of these communities and recognize that even though it seems crazy that a state that is so bountiful like New York still has food deserts?

Are they going to be able to implement that in a way that reaches all the communities that need it?

Secretary VILSACK. We will be able to satisfy that we will pay attention to wherever the deserts are regardless of what state they may be located in.

It is important, however, that we are able to receive an appropriations in the fiscal year 2015 budget to fund this program. It was authorized but not funded in the Farm Bill. So, we need and we have asked for millions of dollars in this fiscal year 2015 budget. If we get those resources, we will make sure that we do.

Senator GILLIBRAND. Madam Chair, will you work with me to make sure we fund that because it is really vital for our State?

Chairwoman STABENOW. Absolutely. I will just add that I have talked to Secretary of the Treasury because new markets tax credits had also been used for this and I have encouraged them to continue to identify new markets tax credits.

Secretary VILSACK. HHS has had grant programs in the past that they have also used. We are collaborating with them even though we have not had a specific tool. There are ways in which we can use some of our rural development resources that are not quite as attractive as a grant but we are using them.

Senator GILLIBRAND. To incentivize folks to invest, yes. That is helpful.

Related, I have been working with the community development financial incentives program to really good affect. For example, with the support of an HFFI grant, we had teenagers in Brooklyn, the Cypress Hills neighborhood.

We were able to start a youth-run urban farm stand, and these farm stands are great because these intercity youth who do not know anything about farming get a chance to learn where their food is grown, how it is grown. They tried vegetables they have never had before. They learn about small businesses. They learn how to manage a business operation.

They are extremely effective. So, the question is. How do you see HFFI complementing other programs like the farmers' market promotion program or value-added producer grants?

Secretary VILSACK. Well, it is all part of an effort to try to reconnect people with their food supply and have a greater appreciation for producers everywhere.

It is all part of an effort to try to create additional market opportunities, whether it is urban, suburban, or rural. The reason why these become important is the shrinking middle of agriculture that I have deep concerns about.

The folks at the top of agriculture are doing pretty well and they will continue to do well because they are extraordinary, they are efficient, they are productive, they have amazing export market opportunities.

The folks who are small—they are doing okay because they have off farm income. It is the folks in the middle that have small-sized, middle-sized operations where farming is their principal employment and they are just having a hard time competing in a commodity market.

Our goal is to try to create diverse market opportunities for them. So, all of this, it is an overall package to revitalize the rural economy. Production agriculture and exports, local and regional food systems, conservation, ecosystem markets and outdoor integration, and the bio-economy are the four cornerstones that you all have put in place in this Farm Bill to revitalize and rebuild a rural economy that will help some of these small and midsized operators.

Senator GILLIBRAND. Thank you, Mr. Secretary.

I just want to end with I also look forward to working with you on some food safety initiatives which are not in the Farm Bill but are not necessarily getting the attention from USDA that they need and a particularly different bacteria that affect poultry, making sure we focus on *Campylobacter* and other types of bacteria that we need to protract for our food supply.

Secretary VILSACK. We are very focused on that. We are the first Administration to propose performance standards on *Campylobacter*. It is a tough word to say.

Senator GILLIBRAND. I would love to work with you on that and also, when we processed meats, ground beef, there is so much work to be done. It is not a Farm Bill issue but I really want to move the ball on that issue.

Secretary VILSACK. Okay.

Senator GILLIBRAND. Thank you, Mr. Secretary.

Thank you, Madam Chairwoman.

Chairwoman STABENOW. Thank you very much. I know as we wrap up, Senator Cochran had another question. I have just a couple of comments and then I will turn to Senator Cochran.

Mr. Secretary, on crop insurance I would be remiss if I did not indicate that when we look at all of the ways in which we have expanded the supplemental coverage option and new opportunities for the young farmers and so on, I want to make sure that specialty crop coverage which is so critical does not get lost or put at the bottom there.

It is very, very important that we create those opportunities for farmers that have not traditionally had direct payments or asked for any kind of direct subsidies.

I know that Senator Gillibrand cares about this as well that we make sure those dollars are there and that crop insurance plans are getting out the door.

Then finally, and I will follow-up with questions for the record but I am very excited about our Food Insecurity Nutrition Incentive Program. We had a very successful program called Double Up Bucks in Michigan.

There have been programs in other places. I hope you will be looking to these successes in our country as you put together the best practices for the incentive programs.

I am looking very much forward to working with you on these new opportunities for people who are using food assistance programs have the opportunity for healthy food purchases through farmers markets and so on. Very, very important.

So Senator Cochran.

Senator COCHRAN. Madam Chairman, thank you.

Mr. Secretary, as you are aware, cotton producers are transitioning to a safety net known as the Stacked Income Protection Plan. It is based on crop insurance.

Because this plan will not be available to producers before the 2015 crop year, the Farm Bill provides transition assistance for upland cotton producers using their 2013 cotton base acres.

When do you expect the department to hold sign-ups for cotton transition assistance?

Secretary VILSACK. This summer, Senator, with payments this fall.

Senator COCHRAN. Any specific dates in there? Summer is a big season in Mississippi.

Secretary VILSACK. Senator, I do not have a specific date but we will do our best to get you specific information, but obviously we understand the importance of these transition payments and we want to make sure we get them out.

Senator COCHRAN. The timeliness is important because of our observations about the weather.

Mr. Secretary, conservation programs underwent significant changes during consideration of the Farm Bill. Programs such as the Wildlife Habitat Incentive Program and the Wetlands Reserve Program are maintained but consolidated into programs with similar functions and purposes.

It has come to my attention that the Natural Resources Conservation Service has incurred a significant backlog in restoration costs from prior-year enrollments of the Wetlands Reserve Program.

How will the department address this specific situation as it implements a new consolidated easement program, and what impacts do you expect from merging the Wildlife Habitat Incentive Program into the Environmental Quality Incentives Program? How do you envision USDA implementing the funding allocation for wildlife practices?

Secretary VILSACK. Senator, that is a number of questions that I want to make sure that we get you a full and detailed answer to. Let me give you sort of a 50,000-foot answer.

We did recently announce the easement program and the wetlands restoration effort, and I think one of the things that will do in terms of processing is it is going to equip the state folks with a little bit more flexibility and power to make decisions which should make it easier and less time-consuming than in the past.

They can now evaluate what they think their needs are relative to easements and wetland restoration and be able to allocate resources accordingly. So, that should shorten the amount of time it takes to get decisions made and resources to producers.

In terms of the overall relationship of various programs, I think it is important to point out that this Farm Bill is historic in terms of conservation.

For the first time I believe in the history of Farm Bills, the amount of money allocated to conservation programs generally currently exceeds the amount that will likely be spent on some of the safety net programs. That is a change.

I think what we are now seeing is conservation in essence being part of that safety net, and I think it is important that we be as thoughtful and as strategic with these conservation dollars as we possibly can, and I like the balance you all struck in this bill with the regional partnerships that gives us leverage opportunity. With the remaining EQIP resources and the CSP resources we can individualize.

We can focus on efforts as we have with endangered species to provide greater certainty and use tools in conservation to encourage sister agencies to provide regulatory certainty. We can use conservation resources to create new opportunities for private sector investment in conservation.

We are going to see over time the ability to quantify, measure, and verify conservation results which will allow regulated industries that need those environmental results to be able to obtain them not by building great infrastructure, but by investing in private land conservation which creates a whole new vista of income opportunities.

Utilizing the resources of conservation is all about soil, water, and air but it is also about how we leverage, how we multiply the economic impact of conservation so that it becomes a tool of rebuilding a rural economy.

That is the instruction and direction I had given to our NRCS folks is to be creative about this and I think the tools that you all have given us, I think it is a great day for conservation, I really do.

Senator COCHRAN. Madam Chair, I appreciate very much the candor and the full explanation the Secretary has given us on these subjects. I admire and praise you for your initiatives in the environmental area and conservation. These topics are very important to many of our states, mine included. So thank you.

We look forward to working with you to help ensure that funding is available to do these things that we had hoped the Farm Bill authorized.

Thank you.

Chairwoman STABENOW. Well, thank you, Senator Cochran. I know how important conservation is and what a key role you have played in this.

Mr. Secretary, thank you very much. You can tell from the attendance this morning and the questions our top priority is implementation of the Farm Bill. We spent way too long getting to this point and are very, very pleased with the work you are doing. We know you have all hands on deck as you are moving forward and we commit to work with you as well.

Getting this implemented in it's entirety is the top priority for me and for all of our Committee doing this the right way under the legislative intent of the Farm Bill obviously is something we are committed to and we know you are as well.

Secretary VILSACK. Madam Chair, if I could just thank you for the opportunity today to report. We will continue obviously to do that but you mentioned the Food Insecurity Pilot Program which is of importance to you.

Our food and nutrition consumer services will be working with the National Institute of Food and Agriculture that is in the business of providing grants, to work collaboratively.

We expect the initial solicitation to be in the fall. We fully understand and appreciate those who have had experience in this area before need to be drawn on.

But we also want them to maybe bring on some new participants in this area so that this effort can grow. We are excited about the opportunity. We are going to try to use these resources that you provided creatively.

Chairwoman STABENOW. That is terrific, and I know there is interest in partnering or mentoring between those who have done this before and those who want to do it. There is really some opportunity I think to be creative in this space. I appreciate your doing that.

Secretary VILSACK. Absolutely.

Chairwoman STABENOW. For the Committee members, any additional questions for the record should be submitted to the Committee clerk five business days from today. That is by five p.m. on Wednesday, May 14.

Without any further questions, the meeting is adjourned.

[Whereupon, at 11:24 a.m., the Committee was adjourned.]

A P P E N D I X

MAY 7, 2014

Agriculture Committee Hearing
May 7, 2014
2014 Farm Bill: Implementation and Next Steps
Statement for the Record
Senator Robert P. Casey, Jr.

Madam Chairman, thank you for calling today's hearing. I believe it is an important step in listening to the concerns, ideas, and views of farmers and policymakers in agriculture when it comes to implementation of the 2014 Farm Bill.

Agriculture is Pennsylvania's largest industry. Pennsylvania's farm gate value – that is cash receipts to growers – is about \$5.8 billion. Agribusiness in Pennsylvania is a \$46.4 billion industry. Seventeen and a half percent of Pennsylvanians are employed in the food and fiber system.

The Farm Bill is essential to ensuring that Americans have food security, and that agricultural producers can continue to feed us, clothe us, provide us with environmental benefits, and fuel our future. In the 2014 Farm Bill, we incorporated some new ideas and important reforms, ensured greater regional equity, and cultivated other programs that help those who haven't received benefits through the Farm Bill before. It makes investments in conservation, dairy, fruit and vegetable production, nutrition and renewable energy while maintaining a strong safety net for America's farmers.

We live in a nation that is as diverse in agricultural production as it is in the people who consume the products that farmers grow. I believe this Farm Bill reflected great cooperation among Members of Congress who represent a wide variety of producers and consumers. As we reflect upon this Farm Bill, and look toward the future, I hope we can again ensure that we have a safe, stable, secure supply of food, fiber, and fuel from American farmers.

STATEMENT FOR THE RECORD
Senator Thad Cochran
Senate Agriculture Committee Hearing on Farm Bill Implementation
May 7, 2014

Madam Chairwoman, thank you for holding this hearing today to conduct oversight of U.S. Department of Agriculture (USDA) programs and their implementation of the Farm Bill.

The topic of today's hearing is timely since Congress passed the 2014 Farm Bill Conference Report in early February. And, I am sure that the Department has been very busy with implementation these past three months. It is important that we examine how Federal investments in USDA's programs have helped achieve objectives set forth in the farm bill and benefited our farmers, ranchers, and others in rural communities.

I'm sure everyone here has questions about specific parts of the Farm Bill and how implementation will affect their states. However, I know in Mississippi people are most concerned right now with the recent devastating tornadoes and storms and how their lives and livelihoods have been affected. We look forward to working with you on the needs that may be best addressed by the programs of the Department of Agriculture, as we will with other Cabinet agencies.

Farmers in my state are also concerned about how the new Commodity title programs will work, what the process for the transition to a new cotton program will be, how consolidated conservation programs will affect them, and how soon they will have information available from USDA to start making some of these operating decisions.

As Ranking Member of this Committee, I continue to hear from a wide array of stakeholders from the agricultural community that have interest in regulatory activities at the Department of Agriculture as well as at the Environmental Protection Agency. Lately, I have heard concern from farmers, ranchers, businesses, and others in Mississippi about the Administration's plan for "Waters of the U.S." I share the concern that policy decisions being made related to environmental regulation could have a negative impact on the agricultural sector, business community, and many other players in the American economy.

Secretary Vilsack, thank you for being with us today. We look forward to both your testimony and your answers to questions by members of this committee.

Statement by
Thomas Vilsack
Secretary of Agriculture
Before the Senate Committee on Agriculture
May 7, 2014

Chairwoman Stabenow, Ranking Member Cochran, and Members of the Committee, I am pleased to provide an update on the U.S. Department of Agriculture's (USDA) progress in implementing the Agricultural Act of 2014 (2014 Farm Bill). First, I would like to take this opportunity to thank the Committee for its hard work in crafting this critical piece of legislation. The new farm bill allows the proud men and women of rural America who feed hundreds of millions around the world to invest confidently in the future and provides critical tools that support economic development and job creation in rural America. USDA has made its implementation a high priority.

The final results of the 2012 Census of Agriculture data, released last week, 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 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 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. 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 bioeconomy; advancing conservation efforts that preserve land and water resources; and supporting critical research that will prepare our farmers and ranchers to address modern challenges. The 2014 Farm Bill gives USDA new and enhanced tools to help accomplish this mission and build on these ongoing efforts in rural America.

The new farm bill, with 12 titles and more than 450 provisions, is a large piece of legislation and implementing it has required a coordinated effort across all areas of USDA. Immediately after enactment, USDA established a 2014 Farm Bill implementation team composed of key sub-cabinet officials and experts from every mission area of the Department to put new programs in place and make mandated reforms to existing programs. Since enactment, USDA has held 17 outreach and listening sessions, as well as additional stakeholder outreach activities at the agency level, to share information and hear from stakeholders on the implementation process. In the roughly 13 weeks since enactment, USDA has made significant progress to implement each provision of this critical legislation.

TITLE I: COMMODITY PROGRAMS

Farmers, ranchers and those working in supporting industries maintain an agriculture sector that has seen strong growth over the past five 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. U.S. agriculture is expanding into new markets around the world, spurring innovation, and creating jobs and opportunity on and off the farm.

The future of rural America depends on the continued leadership of our farmers and ranchers, 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 13 weeks since the 2014 Farm Bill was signed into law, USDA has worked diligently to implement the programs in the commodity title.

In the face of recent historic drought throughout the United States, USDA has provided assistance to farmers, ranchers and rural communities, including commodity support programs to farmers who have suffered losses, conservation assistance, and grants to help rural communities improve access to fresh drinking water. The new farm bill 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 the implementation of programs and getting assistance quickly out-the-door to producers.

I'm proud to say that on April 15, 2014, USDA began accepting applications for disaster assistance programs restored in the 2014 Farm Bill, including the Livestock Forage Disaster Program, the Livestock Indemnity Program, the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program, and the Tree Assistance Program. While it took a year to implement disaster relief programs after the last farm bill was passed in 2008, disaster programs were up and running in just 60 days this time around, thanks to hardworking Farm Service Agency (FSA) employees in more than 2,000 offices across the country.

I am happy to report that USDA received about 33,000 applications for these programs within the first two weeks of signup. Almost \$20 million in payments have been issued to producers to assist in the financial recovery of the women and men invested in American agriculture. These

disaster programs will not replace all of the losses farmers and ranchers faced, but it will provide some relief and help ensure that extreme weather won't cause families to lose the farm.

Over 95 percent of the applications received to date were for the Livestock Forage Program (LFP), which provides payments to eligible producers for grazing losses. The high number of applicants is no surprise considering the widespread, ongoing drought that has plagued livestock producers in many portions of the United States over the last several years. As of May 1, USDA has received 31,920 applications for LFP and producers have already been paid on nearly 80% of these applications.

USDA has also made progress on implementing other provisions under the commodity title. On March 28, 2014, USDA published Federal Register notices to extend the following programs: Marketing Assistance Loans; Milk Income Loss Contract; Dairy Indemnity Payment Program; Non-Insured Crop Disaster Assistance Program; and Sugar. On March 21, 2014, USDA published a final rule re-establishing the Dairy Forward Pricing Program. On March 28, 2014, USDA announced updated county and regional loan rates for certain commodities.

On May 22, USDA will announce the funding allocations for State-based extension services to educate producers on various program options and the awards for developing the web-based tools to help producers with decisions on the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC), the Margin Protection Program for Dairy and Noninsured Crop Disaster Assistance Program buy-up.

Later this month FSA will begin publishing the initial benchmark prices for the ARC program and reference prices for the PLC program. FSA will update these monthly until the final date is published later in the year (final date varies by commodity).. USDA hopes to publicize the final program and the regulations for both ARC and PLC in the fall of 2014.

TITLE II: CONSERVATION

USDA's conservation efforts have enrolled a record number of acres in programs that have saved millions of tons of soil, improved water quality, preserved habitat for wildlife and protected sensitive ecological areas. To accomplish these goals, USDA has partnered with a record number of farmers, ranchers and landowners – more than 500,000 – on conservation projects since 2009. In addition to protecting cropland and critical habitats, conservation can help to boost local economies. For example, last year, conservation activities supported more than 660,500 jobs.

The new farm bill consolidates conservation programs, while still preserving the strong support for and success of USDA's conservation initiatives. NRCS has been accepting applications for the Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP) – two of the Department's largest conservation programs and is currently

processing more than 13,000 applications for CSP and 18,500 applications for EQIP with the goal of notifying producers on contract acceptance in late spring or early summer.

On May 1, USDA began accepting applications for the new farm bill Agricultural Conservation Easements Program (ACEP) and for the Voluntary Public Access and Habitat Incentive Program (VPA-HIP). USDA has made available up to \$366 million for conservation easements under ACEP, which consolidated three former easement programs (the Farm and Ranch Land Protection Program, the Grassland Reserve Program and the Wetlands Reserve Program). This consolidation will make participation easier for farmers, ranchers and participating entities, as well as reduce administrative burden on our employees. Up to \$20 million is available this year for VPA-HIP, a competitive grant program that enables state and Tribal governments to increase opportunities for owners and managers of private lands who want to make their land available for public recreation.

By early summer, USDA will designate critical conservation areas to focus assistance through the new Regional Conservation Partnership Program (RCPP), which combines four former conservation programs – the Agricultural Water Enhancement Program, the Chesapeake Bay Watershed Program, the Cooperative Conservation Partnership Initiative and the Great Lakes Basin Program—into one new program. With this new focus on regional conservation priorities USDA can maintain and strengthen existing regional initiatives while developing new priorities with partnership involvement. Like the easement program consolidation, the partnership program consolidation improves clarity regarding available resources and reduces administrative burden for both our customers and employees.

At the same time, USDA will also begin accepting partnership proposals for projects that support state and national priorities as well as priorities within the critical conservation areas. USDA is using a pre-proposal process to ensure interested parties have ample time to develop well-crafted proposals for RCPP. Applicants will have until mid-summer to submit pre-proposals. From those pre-proposals, a group of applicants will be invited to submit full proposals with a September deadline. USDA will announce selections and enter into agreements in time for fiscal year 2015 implementation.

The 2014 Farm Bill extended authority to enroll acreage in Conservation Reserve Program (CRP) through September 30, 2018 and requires enrollment to be no more than 24 million acres beginning October 1, 2016. The bill also requires that penalty-free “early-out” be offered to specific contract holders in FY 2015. There are 25.6 million acres are enrolled in CRP – 2.0 million which will expire on September 30, 2014. The Department is currently working through many questions regarding CRP signup and enrollment and expects to make additional information available later this spring.

TITLE III: TRADE

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.

The potential for agricultural exports is considerable and USDA is already taking action to help producers secure and expand market access for American agricultural products. USDA has helped secure new agreements with Panama, Colombia and South Korea, which will generate new markets for U.S. farmers and ranchers to the tune of more than \$2 billion per year in additional exports when the agreements are fully implemented. USDA has also helped to remove 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. In addition, 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.

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. USDA has moved quickly to implement trade promotion programs reauthorized under the 2014 Farm Bill. Through the Market Access Program (MAP), USDA has provided \$171.8 million in Fiscal Year 2014 funds to 62 nonprofit organizations and cooperatives to help build commercial export markets for U.S. agricultural products and commodities. Through the Foreign Market Development (FMD) Program, USDA has provided \$24.6 million in Fiscal Year 2014 funds to 22 trade organizations to help create, expand, and maintain long-term export markets for U.S. agricultural products.

USDA also began accepting applications for Fiscal Year 2015 export development program funding on April 17, 2014. In addition to MAP and FMD programs, eligible organizations can apply for funding through the Quality Samples Program (QSP), Emerging Markets Program (EMP), and the Technical Assistance for Specialty Crops (TASC) Program, which includes the programmatic change under the 2014 Farm Bill to allow participants to address technical barriers to trade regardless of whether they are related to a sanitary or phytosanitary barrier.

TITLE IV: NUTRITION

The Supplemental Nutrition Assistance Program (SNAP) provisions of the 2014 Farm Bill preserve the fundamental structure of the program, invest in helping SNAP participants move to

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

self-sufficiency, strengthen program integrity efforts, continue to modernize the program through technology, and emphasize the importance of good nutrition through enhanced retailer standards and grants for incentives that help SNAP participants stretch their dollars further to buy fruits and vegetables.

SNAP helps millions of hardworking families put healthy food on the table as they get back on their feet. More than half of SNAP recipients are children and the elderly, and only 7% receive cash welfare. Among SNAP households with at least one working-age, non-disabled adult, more than half work – and more than 80 percent work in the year before or after receiving SNAP. A stronger economy appears to be helping slow and reverse the trend of rising participation in the Supplemental Nutrition Assistance Program. Comparing January 2014 with January 2013, participation decreased 2.6 percent or by approximately 1.2 million people.

USDA employment and training programs for SNAP recipients are intended to help move people off of SNAP in the right way—by helping recipients build their skills and matching them with good paying jobs they need to be able to move off the program. The new farm bill supplements existing efforts with \$200 million for USDA to partner with states to operate innovative work-related pilot projects designed to help SNAP participants prepare for, connect to, and maintain employment. The pilot projects will be designed to increase the number of work registrants who obtain employment, increase their earned income, and move toward self-sufficiency.

USDA has met with its federal counterparts at the Department of Education and Department of Labor, as well as leaders from states with robust employment and training programs already in place, to gather information that will help formulate the request to states for pilot project proposals. USDA is on schedule to release the request for proposals by late summer.

The new farm bill builds on USDA's ongoing efforts to root out any waste, fraud, and abuse from the program, protect the taxpayer investment in SNAP and make sure that the program is there for those who truly need it. In fiscal year 2012, SNAP achieved a record level of payment accuracy of 96.58 percent. Payment errors in fiscal year 2012 were almost 62 percent lower than they were in FY 2000, among the lowest in the federal government. USDA efforts have also resulted in a significant reduction in trafficking – the exchange of SNAP benefits for cash – which was estimated to be as high as 4 percent 15 years ago, down to just 1.3 percent today.

USDA has moved quickly to implement several major provisions of the 2014 Farm Bill. On March 5, 2014, USDA released a memorandum to state agencies, advising them of the elimination of standard utility allowances in SNAP for Low-Income Home Energy Assistance Program (LIHEAP) payments of less than \$20. CBO estimates that this will impact about 4 percent of SNAP households each year, primarily in the District of Columbia and 16 states that had adopted policies to provide nominal LIHEAP payments to some SNAP households.

USDA has also issued guidance to state agencies advising them of SNAP-related provisions in the new farm bill related to improving program integrity, and guidance regarding the requirement that state and local agencies begin phasing out the participation of women, infants and children in the Commodity Supplemental Food Program. USDA continues to work closely with States to provide technical assistance and answer questions as they implement these provisions.

In addition, on April 7, USDA released a Request for Applications to all state agencies for the Fresh Fruit and Vegetable Program (FFVP) pilot authorized under the new farm bill. The pilot will operate in at least five states during school year 2014-2015, and allow schools in the FFVP in selected States to serve non-fresh forms of fruits and vegetables through the FFVP. There will also be an evaluation of the pilot. Applications are due by June 15, 2014.

In addition, I am pleased that the Farm Bill took steps to improve access to affordable, healthy foods in underserved communities by authorizing USDA to provide funding to communities and food retailers through the Healthy Food Financing Initiative (HFFI). Building on existing programs in Treasury and HHS, the President's Budget requested \$13 million to support these activities in FY 2015, which would represent a 50 percent increase government-wide in funding compared to 2014.

TITLE V: CREDIT

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. The new farm bill expands lending opportunities for thousands of farmers and ranchers to begin and continue operations, including greater flexibility in determining eligibility, raising loan limits, and emphasizing beginning and socially disadvantaged producers.

USDA has acted quickly to implement changes to Farm Loan Programs, including, among other things, eliminating loan term limits for guaranteed operating loans; modifying the definition of beginning farmers; allowing debt forgiveness on youth loans; and increasing the guaranteed amount on conservation loans from 75 to 80 percent and 90 percent for socially disadvantaged borrowers and beginning farmers. USDA also implemented changes in the interest rate on Direct Farm Ownership loans that are made in conjunction with other lenders and increased the maximum loan amount for the down payment loan program from \$225,000 to \$300,000. On March 25, 2014, FSA issued an agency directive implementing non-discretionary microloan provisions.

TITLE VI: RURAL DEVELOPMENT

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 7 million Americans and 364,000 rural businesses; improved or constructed more than 90,000 miles of electric line; invested in approximately 6,800 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.

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, one-third 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. We must do more to create better futures for our children and families and those striving to reach the middle class.

New tools provided in the 2014 Farm Bill will allow USDA to build on its investments in the prosperity of rural communities. On April 22, 2014, USDA awarded \$150 million in grants, plus an additional \$237 million in loans and grants through the Water and Environmental Program, to 116 projects in 40 states and the Commonwealth of Puerto Rico to improve water and wastewater services and ensure that rural communities have access to reliable, clean and safe water. These awards go predominantly to very small, remote, and poor places. USDA has also issued guidance to Rural Development State Directors, field staff and stakeholders on implementing new eligibility requirements regarding the definition of rural housing.

USDA has also acted quickly to implement key new farm bill provisions that invest in rural businesses and critical infrastructure in order to strengthen rural communities and build on its rural development initiatives. In late March, USDA published a notice in the Federal Register extending the application period for Fiscal Year 2013 and 2014 funding for the Value Added Producer Grant program to take into account program changes, with up to \$25.5 million available to help agricultural producers generate new products, create and expand marketing opportunities, and increase income. The application period has since closed, and USDA expects to award the grants in late summer.

The new farm bill streamlines the Rural Business Opportunity Grant (RBOG) program and Rural Business Enterprise Grants (RBEG) program to create a new Rural Business Development Grant Program with all the same authorities as the previous two programs. This fiscal year, USDA will run RBOG and RBEG as separate programs and in fiscal year 2015, will issue a final rule establishing the new Rural Business Grant Program. On April 30, USDA made available approximately \$1.4 million through the RBOG program and grants totaling \$750,000 for two

projects through the RBEG program.

TITLE VII: RESEARCH AND RELATED MATTERS

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..

In the past five years alone, research by USDA scientists has led to over 600 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 fiscal year 2013 alone USDA received 51 patents, filed 147 patent applications, and disclosed 180 new inventions. Helping drive these innovations, USDA also had 259 active Cooperative Research and Development Agreements with outside investigators, which includes universities and other organizations, including 117 with small businesses.

The research provisions of the 2014 Farm Bill focus on investments at colleges and universities throughout the United States, with an emphasis on Land-Grant institutions. The legislation provides new or expanded investments in research critical for the success of beginning farmers and ranchers, specialty crop producers, and organic producers.

On April 11, 2014, USDA announced the availability of more than \$19 million in grants to help train, education and enhance the sustainability of the next generation of agricultural producers through the Beginning Farmer and Rancher Development Program (BFRDP). USDA will competitively award these grants after the application period closes in mid-June. Priority will be given to projects that are partnerships and collaborations led by or including non-governmental, community-based, or school-based agricultural educational organizations. To date, more than 50,000 beginning farmers and ranchers have participated in projects funded by BFRDP.

USDA has also announced the availability of approximately \$20 million through the Organic Agriculture Research and Extension Initiative to fund projects that will help solve critical organic agriculture issues, address priorities within the sector, and research to enhance the ability of organic producers and processors to grow and market their products. Project proposals are due by May 8, 2014, with funding to be provided later this year. USDA has also announced an estimated \$76.8 million for projects through the Specialty Crop Research Initiative to solve the needs of the various specialty crop industries through the promotion of collaboration, open communication, the exchange of information, and the development of resources that accelerate application of scientific discovery and technology.

As required by the new farm bill, a portion of this funding will be reserved for citrus disease research. In addition, the National Agricultural Research, Extension, Education, and Economics

Advisory Board has collected nominations for the newly-formed Citrus Disease Subcommittee, as established under the new farm bill, with notification to selected candidates to be made in the coming weeks.

USDA has also made progress towards establishing the Foundation for Food and Agricultural Research (FFAR) created in the 2014 Farm Bill. Letters soliciting nominations to the FFAR Board were mailed to interested parties and USDA has published a Federal Register Notice soliciting nominations from industry groups to fill 7 of the 15 vacancies on the FFAR Board. The National Academy of Sciences solicited nominations for the other 8 vacancies through a separate process. The deadline for submitting nominations by industry groups closed on April 28, 2014, and USDA has received more than 200 nominations. USDA will move quickly to select FFAR Board members.

TITLE VIII: FORESTRY

Under the new farm bill, the Forest Service is provided greater tools to maintain the nation's forests and grasslands, including permanent stewardship contracting and Good Neighbor authorities, and provisions to aid efficient planning and implementation of landscape scale projects that reduce insect, disease and fire risks. These tools give the agency increased ability to work collaboratively with states, Tribes and a wide range of citizens and stakeholders to accomplish critical forest and watershed restoration work and conserve the nation's forests and grasslands.

USDA is in the process of implementing key provisions related to the forestry title. 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. Thirty-five states have submitted requests, and we will announce designations by early summer.

TITLE IX: ENERGY

New opportunities in advanced biobased 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.

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 9 new advanced refineries nationwide. We have also created six regional research centers across America to develop advanced biobased energy technology that's

appropriate to every region. With the nearly \$900 million in mandatory money provided in the Energy Title of the 2014 Farm Bill, we can continue these efforts to expand the biobased economy and support economic development opportunities in rural America.

The new farm bill makes significant investments in the bioeconomy and renewable energy programs. The legislation preserves the Rural Energy for America Program (REAP), which provides critical investments in renewable energy and energy efficiency across rural America, helping to reduce our dependence on foreign oil. During the week of May 5, USDA will make available \$12.4 million in grants funds and \$57.8 million in loan guarantees through REAP.

Also on track for this year is implementation of the Biomass Crop Assistance Program, the Biorefinery Assistance Program, and the Biobased Markets Program. All of these programs help support continued growth of the entire supply chain that supports our bioeconomy.

TITLE X: HORTICULTURE

Industry estimates valued local food sales at \$7 billion in 2011, and groups like the National Restaurant Association and the National Grocers Association have called local food a top industry trend every year since then. Perhaps more important for USDA's mission, our research shows that money spent on local food continues to circulate locally, creating demand for other businesses and services in rural communities. As such, this strategy is a critical piece of USDA's work to support rural economies more generally.

With the release of the Census of Agriculture results last week, USDA learned that nearly 150,000 farmers and ranchers nationwide are selling their products directly to consumers, and 50,000 are selling to local retailers. They're tapping in to growing consumer demand for locally-grown food; consumers want to support their local economy when they purchase food, whether that's at a farmers market, a grocery store, or their workplace cafeteria.

Direct-to-consumer sales like those that take place at a farmers market help consumers connect with the source of their food and learn more about agriculture. Today, we have more than 8,100 farmers markets registered with the AMS National Farmers Market Directory. But this economic sector is more than that. As it matures, it is opening opportunities for farms of all sizes, especially mid-sized farms, to supply larger-volume buyers like local retailers. USDA has invested in local food infrastructure - from cold storage facilities, to processing plants, to food hubs that aggregate and distribute local products - and has helped facilitate new market access for these producers.

The 2014 Farm Bill continues to build on programs established in the 2008 Farm Bill to promote local and regional food systems and support specialty crop and organic agriculture. On April 17, USDA provided \$66 million in Specialty Crop Block Grants to state departments of agriculture for projects that help support specialty crop growers, including locally grown fruits and

vegetables, through research and programs to increase demand. As directed by the farm bill, the block grants were allocated to U.S. States and territories based on a formula that took into consideration both specialty crop acreage and production value. Nearly all states saw an increase in funds.

Later this week, USDA will announce the availability of approximately \$30 million in competitive grant funds for projects that support local and regional food systems. The Farmers Market Promotion Program (FMPP) makes available \$15 million for projects that establish, expand, and promote direct producer-to-consumer market opportunities; and the Local Food Promotion Program (LFPP) makes available \$15 million for planning or implementing project(s) designed to assist in the development, improvement, and/or expansion of local and regional food business enterprises that process, distribute, aggregate, and store locally or regionally produced food products. As directed by the 2014 Farm Bill, priority will be given to projects that benefit underserved communities, including those that are located in areas of concentrated poverty with limited access to fresh locally or regionally grown foods.

In order to help prevent the introduction or spread of plant pests and diseases that threaten America's agriculture economy and the environment, USDA allocated \$48.1 million to 383 projects in 49 states, Guam and Puerto Rico through the Plant Pest and Disease Management and Disaster Prevention Program. The projects approved for allocation will help states and other partners continue providing and strengthening protections against agricultural threats and could also allow the reallocation of resources to other critical programs. In addition, on March 24, USDA announced a Request for Applications for \$5 million available through the National Clean Plant Network cooperative agreements program.

As required by the new farm bill, USDA has also published an interim final rule and request for comments on an amendment to regulations under the Export Apple Act to allow bulk containers of apples to be shipped to Canada without U.S. inspection.

TITLE XI: CROP INSURANCE

The crop insurance program has become an increasingly important component of the farm safety net, and crop insurance protections for all farmers, particularly beginning farmers and ranchers, have been strengthened under the new farm bill. USDA is in the process of implementing the key provisions of the 2014 Farm Bill for the 2015 crop year. During the first week of April, USDA took a first step by issuing actuarial documents to revise the premium rates charged for CAT coverage to be based on the average historical "loss ratio" plus a reasonable reserve. In addition, RMA implemented the prohibition for CAT coverage to be available for crops or grasses used for grazing.

TITLE XII: MISCELLANEOUS

On March 14, 2014, USDA's Food Safety and Inspection Service submitted the first status report to Congress 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.

CONCLUSION

Again, thank you for this opportunity to update you on USDA's progress to implement the 2014 Farm Bill. Farmers, ranchers, rural communities and other USDA stakeholders have waited several years for this legislation, and USDA has made implementation of the bill a high priority.

I am pleased to say that in just a short period of time, important progress has been made on every title, including updates to risk management tools, modifications to farm loan programs, announcements regarding available funds for agricultural research and much more. Moving forward, USDA staff and I will continue to engage with Members of Congress and stakeholders during the implementation process and as we continue to carry out critical mission of serving America's farmers, ranchers and rural communities.

DOCUMENTS SUBMITTED FOR THE RECORD

MAY 7, 2014



May 1, 2014

The Honorable Michael Bennet
458 Russell SOB
Washington, D.C. 20510

RE: Colorado River Basin as Critical Conservation Area

Dear Senator Bennet:

The Colorado River Water Conservation District (River District) respectfully requests your support for Secretary Vilsack's designation of the Colorado River basin as one of the eight Critical Conservation Areas pursuant to Section 1271 of the 2014 Farm Bill.

The River District is the largest water district in Colorado created 77 years ago by the Colorado Legislature to protect and develop the waters of the Colorado River and its tributaries to which Colorado is entitled. We have been a frequent partner with the National Resource Conservation Service and look forward to enhanced opportunities as a principal headwaters agency of a future Colorado River Basin Critical Conservation Area (CCA).

Establishing a Colorado River Basin CCA would:

- Underscore the national significance of the Colorado River Basin and bring in additional investment from other sources
- Allow NRCS to focus its resources on priority areas for addressing drought, soil erosion and other issues
- Increase the efficiency and effectiveness of NRCS programs by making system-wide investments and tailoring programs to meet regional needs
- Expand opportunities to improve irrigation on lands that don't rank high for salinity control

Fortunately, the seven states of the Colorado River basin have the institutional framework for communication, coordination and cooperation among the states as envisioned by these large landscape, regional partnerships, as proven by recent historic interstate and international agreements.

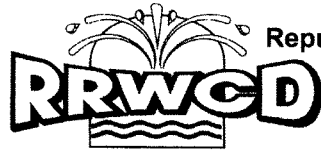
The River District looks forward to working with you and your office to secure the Secretary's designation of the entire Colorado River basin as a Critical Conservation Area.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Eric Kuhn".

R. Eric Kuhn,
General Manager

201 Centennial Street / PO Box 1120 • Glenwood Springs, CO 81602
(970) 945-8522 • (970) 945-8799 Fax
www.ColoradoRiverDistrict.org



**Republican River Water Conservation District
Water Activity Enterprise**

410 Main Street, Suite 8, Wray, Colorado 80758
email: rrwcd@centurytel.net
Phone: 970-332-3552 Fax: 970-332-3553

April 29, 2014

On April 17, 2014, USDA NRCS held a Listening Session to discuss the upcoming release of the Announcement for Program Funding (APF) for the Regional Conservation Partnership Program (RCCP). RCCP combined the authority of the Agriculture Water Enhancement Program (AWEP), the Chesapeake Bay Watershed Program, the Cooperative Conservation Partnership Program (CCPP), and the Great Lakes Basin Program. Thirty five percent of the funding made available through the Regional Conservation Partnership Program will target Critical Conservation Areas identified by the Secretary of Agriculture. According to NRCS staff conducting the Listening Session, the Secretary of Agriculture will identify eight geographic regions as critical conservation areas by the end of May.

The Secretary of Agriculture as outlined in Title II, Section 1271F of the current Farm Bill Statutes has the opportunity to designate the Ogallala Aquifer as one of eight Critical Conservation Areas within RCCP. It is imperative the focus on the Ogallala Aquifer continues through its designation as a Critical Conservation Area.

We ask that you encourage the Secretary to designate the Ogallala Aquifer as one of the eight critical conservation areas permitted under this section.

Water quantity may not be recognized as a national resource concern throughout the United States, but it is the major resource concern in the western United States. AWEP funding has been used to prolong the life of the Ogallala Aquifer in western United States and especially in Colorado and should be protected to ensure future options for producers are available.

The Republican River and the South Platte River represent critical water basins in Colorado, both falling within all and a part of the area overlying the Ogallala Aquifer. Collectively, these two river basins encompass almost half of the total cropland in Colorado and over half of the total irrigated cropland in the state. Needless to say, these river basins represent a significant quantity of agricultural production in the state and contribute billions of dollars to local and state-wide economies.

The Republican River Water Conservation District and our neighbor, the Northern Colorado Water Conservancy District represent irrigated producers in these areas and are the leaders in

water conservation. The conservation practices implemented in this region are often adopted by basins in other part of the state or even other states. Numerous water conservation activities and techniques have been utilized within these basins to ensure that every drop of water is used efficiently and in some cases is re-used through recharge and other innovative programs.

Many of these practices implemented in the past would not have been feasible without the partnership arrangements the Districts have made with USDA agencies such as NRCS. The Ogallala Aquifer was recognized as a resource concern in the 2008 Farm Bill with the encouragement of these Districts, and your assistance. By leveraging funding made available through the Ogallala Initiative, both of the water conservation districts have had successful partnerships using the AWEF to address the declining Ogallala Aquifer. We hope to be able to continue this effort.

Thank you for your assistance and we sincerely appreciate all you have done helping us focus on water conservation in our respective Districts.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Coryell", written in a cursive style.

Dennis Coryell
President
Republican River Water Conservation District

QUESTIONS AND ANSWERS

MAY 7, 2014

Senate Committee on Agriculture, Nutrition & Forestry
2014 Farm Bill: Implementation and Next Steps
May 7, 2014
Questions for the record
Secretary Tom Vilsack

Chairwoman Debbie Stabenow

Commodities/Crop Insurance

1. The 2014 Farm Bill made significant progress in leveling the playing field for fruit and vegetable producers by expanding crop insurance options for underserved specialty crop producers. Can you describe USDA's plans and priorities for using the new authority granted under the farm bill to conduct research to develop new policies of crop insurance? The farm bill allows the FCIC Board to provide an additional 25 percent advance payment to developers of policies for underserved crops; can you explain USDA's plan for outreach and education to organizations that represent underserved producers? Can you describe the new methods and procedures that the Federal Crop Insurance Board will use in approving crop insurance policies given the considerations for underserved crops that was included in the 2014 Farm Bill?

Response: With the new authority granted to conduct research and development, RMA is looking to focus on developing policies that serve underserved regions and crops. RMA has prepared a Portfolio Analysis and Specialty Crop Reports (available on the RMA website) which highlights crop for underserved or have no crop insurance available. RMA utilizes this information when determining potential candidates for new crop insurance development. Prior to initiation of research and development efforts, RMA sends out a letter of intent to do research to all interested parties. A search on the selected commodity is conducted to find any grower associations, state farm bureaus, or national organizations, and request their input on the development process.

The Federal Crop Insurance Corporation Board of Directors (Board) currently has written procedures for private entities to submit crop insurance proposals. These procedures allow submitters to receive up to 50 percent of their estimated research and development costs to develop their proposal in to a crop insurance product for Board approval. RMA has revised the procedures to allow an additional 25 percent if sufficient progress has been made toward development of the proposed crop insurance product.

RMA has revised Board procedures to take into account the language in 2014 Farm Bill which requires the Board to first consider policies or plans of insurance that address underserved commodities before considering other types of plans or policies. The Board and RMA consult on matters of priority related to approval and implementation decisions regarding products brought before the Board.

2. The new Dairy Margin Protection Program (DMPP) includes a two-tiered premium structure in which separate premiums are established for dairy margins within the first four million pounds of annual production and dairy margins for production in excess of four million pounds. In order to ensure maximum premium benefits for the broadest range of producers—including small dairy operations that just exceed four million pounds of production—it's critical that the first-tier premiums apply to the first four million pounds for all dairy operations. Does the USDA share this understanding of how the two-tiered premium structure under the new DMPP applies to dairy operations?

Response: USDA is currently drafting the Dairy Margin Protection Program regulations and will strongly consider your recommendations regarding the premiums for operations with production history in excess of 4 million pounds.

3. The Farm Bill included a new Dairy Product Donation Program in which the USDA is authorized to purchase dairy products during periods of low producer operating margins. How has the USDA been consulting with anti-hunger organizations to discuss how the program might work? Have you received any proposals from these organizations? Does the USDA expect to roll out this program alongside the new Dairy Margin Protection Program later this year?

Response: As required by the Agricultural Act of 2014, USDA Food and Nutrition Services will conduct consultations with public and nonprofit organizations that provide food assistance to low-income individuals to determine the types and quantities of dairy products to purchase. USDA has not yet sought or received any proposals from these organizations.

USDA will consider rolling out the program alongside the Margin Protection Program later this year.

4. Crop insurance is the most effective tool farmers have to battle against severe weather and unexpected price fluctuations. For beginning farmers, however, the lack of production history and constrained cash flow can put crop insurance just out of reach. The Farm Bill provides beginning farmers with additional premium assistance to help make crop insurance more affordable. Can you describe the method for determining which producers will be eligible for this additional premium assistance? What is your plan for outreach and education to producers, crop insurance agents, and crop insurance companies to ensure that every beginning farmer who is eligible for this increased assistance will receive it?

Response: To qualify as a beginning farmer or rancher, a producer must not have actively operated and managed a farm or ranch in any county, in any state, with an insurable interest in any crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than five crop years. To assure the greatest availability to new and beginning farmers and ranchers, any crop year when the beginning farmer or rancher was under the age of 18, enrolled in post-secondary studies, or on active duty in the U.S. military will not be counted as years of farming for determining new and beginning

farmer and rancher eligibility. Entities may qualify for beginning farmer or rancher benefits only if all of the substantial beneficial interest holders qualify as a beginning farmer or rancher. For example, a son moves home to take over the family farm and incorporates with his spouse and neither have previous farming experience. Their corporation would qualify for beginning farmer or rancher benefits.

On March 27, 2014, the Risk Management Agency (RMA) and the Farm Service Agency held a listening session for initial public input about the new programs and changes to existing programs. The agencies allowed an opportunity for the public to also make written statements through April 2, 2014. FSA and RMA received 32 written comments from individuals, trade groups and other organizations, and State entities.

In addition, RMA will provide outreach efforts and activities that include posting policy changes and materials on the RMA website, printing materials in alternate languages, utilizing the agency's Limited English Proficiency/Language Assistance Plans when needed, and utilizing alternate media to publish notices including radio stations, community-based organization's newsletters, faith-based organizations, and FSA county offices. RMA also routinely discusses policy and program changes whenever making oral presentations to audiences that are affected by the changes. Guidance and fact sheets will be available on the RMA website outlining the criteria and benefits.

RMA has also met with crop insurance companies in the development of the provisions for defining and determining beginning farmers and ranchers and will work with crop insurance industry trade associations and others this summer to educate and train insurance companies on the requirements and qualifications for implementing these new benefits

5. The 2014 Farm Bill reformed the marketing loan program by including it for the first time in an overall payment limit cap. Can you describe the method that USDA will use to cap the marketing loan program?

Response: Marketing Loan Gains and Loan Deficiency Payments in combination with Agriculture Risk Coverage and Price Loss Coverage payments will be limited to \$125,000 per person or legal entity. FSA will incorporate these programs into the existing direct attribution and payment limit systems. For producers that receive multiple types of payments, which payment is reduced will depend on the timing of the payments (e.g. payments are made in full until the payment limit is reached instead of pro-rating all payments).

Conservation

ACEP

1. The Agricultural Land Conservation Easements Program (ACEP) program consolidated the easements programs under one umbrella making the program easier for producers to understand and easier for NRCS to implement. While we do not foresee a lot of implementation issues with this program, we expect one issue will be the ratio of types of

easements allowed in the allocations to the state. *We would like to keep it as flexible as possible and responsive to what each state's requests are, is this in line with the way USDA is planning on implementing the program?*

Response: Implementation of the ACEP program will require rulemaking for fiscal year 2015 and future fiscal years. USDA needs to complete this rulemaking before we can speak with certainty as to how the program will be implemented. That said, the merits of the flexible approach is noted and will be discussed as USDA goes through the rulemaking process.

CRP

2. The 2014 Farm Bill streamlines many of the conservation programs and makes some changes to the Conservation Reserve Program. CRP will continue to be a valuable tool for American farmers in helping to reduce run-off and protect our environmentally-sensitive land. However, we reduced the CRP acreage cap from 32 million acres to 24 million acres. This was a result of both enrollments, as acres in CRP have steadily declined, and also in an effort to focus on environmentally sensitive areas. CRP is crucial for keeping environmentally sensitive areas out of crop production. However, included in the bill was a provision for the early termination of CRP contracts in fiscal year 2015 for land that had been enrolled for at least five years and did not fit into a number of categories of land that address a variety of wildlife and environmental factors. *How does USDA intend to emphasize lands of environmental significance within CRP? How will this affect how USDA plans to implement the early out provision in CRP?*

Response: As announced in June, USDA will continue to emphasize continuous CRP enrollment to target the most environmentally sensitive land, and will not offer early outs on land considered as the most environmentally sensitive land as directed by statute. Furthermore, landowners with expiring acres will have several options including re-enrolling portions of an expiring contract in continuous CRP and other conservation programs such as NRCS conservation or working lands programs.

Food Aid

1. The Farm Bill expanded the Local Regional Procurement (LRP) program from a pilot to a permanent program and increases the authorization level. It also links LRP to the McGovern Dole School Feeding Program. If implemented correctly this program has the ability to not only expand flexibility but to build local markets and decrease response time to crisis situations. It is imperative that this program be used sensibly to enable to best results. *How is USDA preparing to implement the expanded LRP authority? How is USDA working with USAID on information sharing and best management practices in*

relation to local regional procurement? Does USDA have a sense of which countries it plans on using LRP in? If so, which countries?

Response: The Administration is considering the next steps on the LRP program. Recently, USDA convened two listening sessions, soliciting input from stakeholders on the operation of a new LRP program. The Administration is considering how and where to implement the program.

Staff at USDA and USAID will help ensure that emergency local and regional procurement programs are carefully prioritized, not duplicative and employ best management practices.

Nutrition and Specialty Crops

Food Insecurity Nutrition Incentives Program

1. I've been pleased to see all of the interest and excitement around our new Food Insecurity Nutrition Incentives program- including from groups that have never been involved in incentives or SNAP before. I also know there are also a number of groups that have a great deal of expertise in implementing incentive programs that are interested in helping this program to be successful. *In developing the Request for Proposal, how is USDA incorporating some of the data and best practices these from current incentive programs into the structure and requirements for FINI? Will you limit some of the allowable criteria based on practices that have generally been shown to be less successful in increasing purchase and consumption of produce?*

Response: Part of the write up of the project proposal will be the justification and the narrative of the proposed project. Reviewers from the field with expertise in nutrition incentive programs will have the opportunity to debate the merits of the proposal. Those most likely to succeed, with strong justifications for the proposed implementation practices, will rise to the top of the list of proposals recommended for funding.

2. I've always looked at incentives as a win-win for families and farmers. *Focusing on this principle, does USDA plan to give any priority to projects that include a strong local farm component?*

Response: Yes, the request for applications (RFA) is in the draft stages and the National Institute of Food and Agriculture (NIFA) will work with the Food Nutrition Service (FNS). We understand that grocers and others see this program as an opportunity to support local farmers in supplying local fruits and vegetables all year round to consumers. Two of the stated priorities in the legislation are for FINI to connect low income consumers and agriculture producers, and to provide locally or regionally produced fruits and vegetables so a higher priority will be given to proposals supporting these goals.

3. It's my understanding that USDA intends to conduct one application and award process for 2014 and 2015 together. *In order to get the most data on what is successful, will USDA allow multi-year projects?*

Response: The RFA is under development. However, the Department appreciates the advantages of allowing multi-year projects. Multi-year projects are encouraged because of the different growing seasons around the country and will provide the time necessary to implement and evaluate the projects once funding is awarded.

4. Some groups with incentive experience are interested in partnering with groups that have never worked with incentives, to serve a sort of mentoring role. *Has USDA considered giving priority to projects that incorporate a partnership of this type?*

Response: We recognize there is valuable experience with incentives in the community that would be invaluable for those new to the arena. Taking into account the statutory language that gives priority to those who can "demonstrate a track record of designing and implementing successful nutrition incentive programs," USDA will give full consideration to those new to the arena. Partnerships will be encouraged to leverage the resources available to state and local communities.

5. Technology like point of sale integration often makes use of incentives easier and more acceptable for vendors and participants. *Will USDA prioritize the development, testing, and dissemination of point of sale technology?*

Response: Yes, this would be included in some of the larger grants and priority would be provided to those applications with strong technology components. The challenge will be to find something that is welcoming to participant, can track financially, and can provide data for evaluation purposes.

SNAP

1. The Farm Bill clarified that recruitment activities like billboards are prohibited, but Congress was very clear that the intent was not to limit the ability of states or associations to outreach and education about the program benefits and requirements or provide individuals the help they need to apply. *How will USDA ensure that critical outreach activities are not limited by this policy change?*

Response: USDA believes the majority of currently approved outreach activities are acceptable, as long as they do not actively persuade potential applicants to apply. However, until final regulations are issued, providers are being advised to carefully review their outreach activities and materials, using their own discretion, to ensure they do not violate the intent of the new provisions. The Department intends to take great care in defining what is and what is not allowable through the regulatory process. States, outreach providers, and

other interested parties will have the opportunity to comment on all proposed rules affecting this provision.

Local Foods

1. What criteria will you use to select the up to 8 states for the local procurement pilots?

Response: The Farm Bill requires that the selection of pilot States be based on demonstrated commitment of the State to implement and promote farm-to-school programs, the quantity and variety of growers of local fruits and vegetables in the State, and the degree to which the State contains a sufficient quantity of local educational agencies of various population sizes and geographic locations. At least one pilot project must take place in each of the following regions: 1) the Pacific Northwest Region; 2) the Northeast Region; 3) the Western Region; 4) the Midwest Region; and 5) the Southern Region. Additional criteria may be added as planning continues for the pilots.

HFFI

1. HFFI type programs have been successful in many cities throughout the country and I am hopeful that the new USDA HFFI program will be funded through appropriations this year. Since this program will be run through Rural Development, I am concerned that this program be available to both urban and rural applicants. *Is your intent to allow urban areas to be eligible?*

Response: If USDA Rural Development was appropriated funding to implement an HFFI program, urban and rural areas would be eligible. The 2014 Farm Bill lays out specific criteria for eligible projects and specific priorities for the program. There is no distinction made between rural and urban in the criteria or the list of priorities. The Department would implement the program accordingly.

Pulse Pilot

1. *What is your expected timeline for implementing the pulse crop pilot program in schools and how will schools be selected to participate? How will USDA work with local schools to measure consumption?*

Response: Additional purchases of pulse crops and pulse crop products, as authorized in Section 4213 of the Farm Bill, are subject to the availability of appropriations; therefore, currently there is not a timeline for implementation.

Specialty Crop Block Grants

1. *Who will be eligible to apply for multi-state Specialty Crop Block Grants projects and when do you anticipate funding will be available?*

Response: USDA views eligible applicants of the multi-state component as the state departments of agriculture in the 50 states, D.C., and the U.S. territories as defined in the

Specialty Crops Competitiveness Act of 2004 (the Act). Section 101 of the Act states: "To be eligible to receive a grant under this section, a State department of agriculture shall prepare and submit, for approval by the Secretary of Agriculture, an application at such time, in such a manner, and containing such information as the Secretary shall require by regulation, including (1) a State plan that meets the requirements of subsection (e); (2) an assurance that the State will comply with the requirements of the plan; and (3) an assurance that grant funds received under this section shall supplement the expenditure of State funds in support of specialty crops grown in that State, rather than replace State funds."

The Farm Bill provided six months for USDA to draft guidance for multistate grants. The Agricultural Marketing Service is currently drafting the guidance and anticipates funding being available in fiscal year 2015.

Credit

1. *What is the Department doing to increase lending opportunities to socially disadvantaged farmers? Can you provide a numerical breakdown of lending in the Farm Loan Programs, including the Microloan program, to socially disadvantaged farmers by gender, race, and region? Please include data for the last 3 years.*

Response: USDA has taken a variety of actions to increase lending opportunities for socially disadvantaged (SDA) farmers. Current law establishes funding targets for loans to members SDA groups. The targets are based on census data and vary by loan program. Targeted funds are held in reserve exclusively for SDA applicants until the last few weeks of the fiscal year, providing some assurance that SDA applicants will not have to wait for loan funds when their requests are approved.

In 2013, USDA implemented a new microloan program which better meets the needs of many SDA farmers. The program increased their participation in farm loan programs by changing requirements that have been perceived as barriers. It simplifies and streamlines the process for producers obtaining direct operating loans under \$35,000; it cuts the paperwork burden in half and adds flexibility to some of the loan eligibility requirements.

USDA has established outreach initiatives to encourage participation by socially disadvantaged groups and to assist potential borrowers in the application process. Outreach participants include Historically Black Colleges and Universities, Hispanic Serving Institutions, Native American Institutions, and the InterTribal Agriculture Council.

USDA recently issued a directive to field staff emphasizing and clarifying current policies as they relate to "credit deserts," areas where the availability of credit for agriculture is not readily available. The directive reminds staff of flexibility in considering and documenting loan eligibility and working with applicants on business plans. Many of these areas are in Indian Tribal jurisdictions, where commercial lenders are reluctant to lend, making USDA a primary source of farm credit in these areas.

The USDA Strikeforce initiative directs intensive outreach, technical assistance and program focus to high poverty rural counties in several states. These counties have high minority populations; SDA loan volume has increased in these counties as a result of the initiative.

The data for the past three years on Emergency Loans, Farm Ownership Loans, Microloans, and Operating Loans, which have been broken down by state, race, and gender, are attached.

2. Sec. 5302 of the Agricultural Act of 2014 provided a new authority for the Department to conduct targeted pilot programs in the Farm Loan Programs. *How does the Department plan on using this authority to increase opportunities for producers who may have more difficulty accessing credit, including beginning farmers and ranchers, local and regional producers, or individuals connected to urban agriculture?*

Response: In establishing pilot projects under the authority in Sec. 5302, USDA plans to focus on approaches and techniques that are anticipated to increase opportunities for producers who may have more difficulty accessing credit, particularly beginning farmers and ranchers, local and regional food producers, and individuals in urban agriculture. In the near future, the Department will publish a public notice soliciting ideas and proposals intended to enhance the availability of credit to producers in these groups. In evaluating the proposals, priority will be given to programs that would evaluate new policies, processes and approaches intended to enhance the availability of credit to beginning farmers, local food producers, and urban farmers in particular.

Rural Development

1. As you know, the 2014 Farm Bill provided USDA with the authority to establish a priority to fund applications that reflect a regional or multi-jurisdictional economic development strategy. *Please describe the efforts being taken to help implement this important policy. Is rule-making required for each program the priority can be applied to? Is USDA doing, or does it plan to do, outreach to rural communities to help them develop applications that can receive the priority designation?*

Response: To fully implement Section 6025 of the Farm Bill, USDA Rural Development needs to promulgate a new rule. Work is ongoing in promulgating the rule with a plan to have one single rule in place for all programs by FY15. As with any significant program changes, and particularly with program changes prompted in the new Farm Bill, we will conduct extensive training and outreach to our staff and rural communities, respectively, so that the communities we serve are well-positioned to take advantage of the new priority and set-aside. As a first step, on June 5th, Rural Development held a public listening session with stakeholders to ensure we have a full understanding of the current environment and how best to implement this provision in a way that works well for the many people across the country who are doing regional economic development work in their communities.

2. *What impact do you expect the priority for applications reflecting a regional or multi-jurisdictional economic development strategy to have on the smallest, most rural communities? Do you believe the new policy will benefit these communities as well?*

Response: It is important to note that the new priority for applications reflecting a regional or multi-jurisdictional economic development strategy will have no effect on existing and underlying program scoring preference; it will be applied after the current criteria are considered. Thus, the current preference for very small communities in our waste and water programs, for example, will remain unchanged. Additionally, we have found both anecdotally and in academic research that a regional economic development approach benefits all parties involved, as each participating community can leverage its unique assets—whether it be population, agriculture and natural resources, or otherwise. USDA Rural Development believes that a regional and multi-jurisdictional approach to project planning for business, housing and infrastructure will benefit all communities including the smallest and most rural.

3. *One outcome that Congress hopes to see as a result of the new priority for regional or multi-jurisdictional applications is a maximization of Rural Development investment into our communities. A key to achieving that goal is for rural communities to be successful in leveraging resources from USDA with funding from other Federal agencies to complete infrastructure projects or implement other development initiatives. I understand that USDA has initiatives like Stronger Economies Together and Promise Zones that are helping some communities in this way. But generally speaking, how is USDA's Rural Development staff in the State Offices helping communities in each state do this?*

Response: USDA Rural Development is engaged in a number of interagency efforts designed to leverage USDA resources with funding from other Federal partners. Initiatives like Promise Zones and the Rural Jobs and Innovation Accelerator Challenge, for example, offer additional resources through priority preference points and targeted grants to communities with plans involving multiple federal agencies as permissible under the rules and statutes of the individual programs and subject to appropriations. Additionally, programs like Stronger Economies Together strengthen community capacity so that they can develop an economic development blueprint that builds on the economic assets of the region. These efforts not only spur economic development in the communities served, but serve as valuable sources of insight and best practices to USDA field staff on inter-agency collaboration and communication. In addition, Rural Development staff are uniquely positioned to know what is happening on the ground across the nation, as they work directly with local organizations and communities; with full implementation of this provision, we expect staff will, in time, also become increasingly familiar with regional economic development plans and the fundamentals of long term, strategic economic development planning.

4. *The Farm Bill consolidates the Rural Business Opportunity Grant program and the Rural Business Enterprise Grant program into a new program, the Rural Business Development Program. I understand the consolidated program won't become operational until Fiscal*

Year 2015, and that in Fiscal Year 2014, USDA will administer RBOG and RBEG as they have been administered previously. *With that understanding, can you describe how USDA will implement the consolidated program and how funds will be awarded?*

Response: USDA Rural Development is in the process of developing the regulation for the newly authorized consolidated program, Rural Business Development Grant (RBDG) Program, with an expected publication during FY15. If funds are made available to implement the program, USDA will use this regulation along with a Notice of Funding Availability (NOFA) announcement to effectively guide the public on program background, funds available for competition, application requirements, and award process. The process for awarding the funds will be dependent on the specifics of the final appropriations (i.e. level of funding, set-asides, time period, etc.).

5. The Farm Bill made significant changes to the Broadband Loan Program. *How soon can USDA have the program operational once again? What kind of technological upgrades does the Department need to make to ensure it is meeting the new reporting requirements described in the Farm Bill?*

Response: USDA Rural Development is working on implementing the new regulation. In addition to regulatory changes, the provision requires technological changes that will take time and some resources to implement. We anticipate being able to run the program again under the new rule in FY 2015.

6. It is my understanding that USDA has already distributed the \$150 million provided in the Farm Bill to address the backlog of applications for Rural Water funding. *How many pending applications were funded with these resources? Also, what is the current status of the backlog, in terms of the number of pending applications and amount of funding requested?*

Response: USDA's Rural Utilities Service Water and Environmental Programs (WEP) made full use of the \$150 million provided in the Farm Bill fund 107 applications in 35 States including Puerto Rico. Because of this funding, in April USDA announced 116 projects that will improve water and wastewater services in 40 States and Puerto Rico. The total investment for these projects was nearly \$387 million—this included \$150 million in grant dollars from the farm bill paired with available loan, loan guarantee, and grant dollars from across the WEP portfolio. As of June 2, 2014 the agency has 874 pending applications totaling more than \$2.2 billion.

7. The Farm Bill provides new authority for USDA to provide funding to communities and non-profit organizations for the purpose of providing the technical assistance needed to develop projects eligible for funding under the Community Facilities Program. *Will USDA administer this provision as a stand-alone program, or will it be administered as part of the larger, existing Community Facilities Program?*

Response: USDA's Rural Housing Service (RHS) is planning to administer the Technical Assistance and Training Grant as a stand-alone program. The program will be modeled after the applicable elements of existing Rural Development technical assistance

programs including: RHS's Rural Community Development Initiative grant program; RUS's Technical Assistance and Training Grant program and RBS's Rural Business Opportunity and Rural Business Enterprise Grant programs.

8. The Farm Bill directs the Secretary to organize an interagency working group to support cooperative development and ensure coordinated efforts amongst Federal agencies on cooperative programs. *Has this working group been organized? If not, when will it be organized?*

Response: USDA Rural Development has organized an internal working group to implement this provision and will soon begin coordination efforts among other federal agencies.

Research

1. The Farm Bill includes a provision, Sec. 7128, that was intended to streamline the matching funds requirement for competitive programs under Research, Education, and Economics. *Will this provision be implemented in Fiscal Year 2014? Will it be applied to all competitive programs under Research, Education, and Economics? If not, which programs are not covered by Sec. 7128?*

Response: We understand the Section 7128 matching requirement to take effect on new awards made after October 1, 2014. Therefore, it will not be applied to awards made in Fiscal Year 2014. None of NIFA's capacity grant programs are covered by the new matching provision. In addition, the following competitive grant programs are not covered by the Section 7128 match:

- 1890 Capacity Building -Teaching & Research
- 1890 Facilities Grant Program
- 1994 Extension Program
- AgrAbility
- Agriculture Risk Management Education Program
- Aquaculture Centers
- Beginning Farmer and Rancher Development Program
- Biomass Research and Development Initiative
- Children, Youth, Families at Risk Program
- Community Food Projects Program
- Critical Agricultural Materials
- Distance Education Grants for Institutions of Higher Education in Insular Areas
- Extension Integrated Pest Management Coordination and Support Program
- Federally Recognized Tribes Extension Program
- Food and Agricultural Defense Initiative
- Food Animal Residue Avoidance Databank

- Global Change and UVB Monitoring
 - Higher Education Challenge Grants
 - Multicultural Scholars
 - National Extension Integrated Pest Management Special Projects Program
 - National Needs Graduate Fellowships Program
 - New Technologies for Agriculture Extension
 - Regional Integrated Pest Management (Section 3(d))
 - Renewable Resources Extension Act: National Focus Funds
 - Resident Instruction Grants for Insular Areas
 - Regional Rural Development Centers
 - Rural Health and Safety
 - Small Business Innovation Research Program
 - Smith-Lever Special Needs Projects
 - Sun Grants (grants from NIFA to Sun Grant Centers)
 - Sustainable Agriculture Research and Education (Sustainable Agriculture Projects)
 - Tribal Colleges Education Equity Grants Program
 - Tribal Colleges Research Grants Program
 - Youth Farm Safety Education and Certification Program
2. The Farm Bill requires USDA to establish an ongoing process through which public colleges and universities can apply for designation as a Non-Land Grant College of Agriculture. *What is the status of this provision? When will colleges and universities be able to apply for this designation?*
- Response:** NIFA announced the process it is using to designate Non-Land Grant Colleges of Agriculture in the Federal Register on May 22, 2014, (<https://www.federalregister.gov/articles/2014/05/22/2014-11851/process-for-non-land-grant-college-of-agriculture-nlgca-designation>). Colleges and universities began applying on May 22, 2014, via a web-based form.
3. Given that Federal investment in agriculture research has been relatively flat for a number of years, some have raised concerns about potential duplication in terms of the research projects that USDA has funded. In fact, the Farm Bill directs USDA to prepare a report for Congress that assesses the degree of duplication not only within USDA-funded activities, but across the Federal government. While the Foundation will be a non-government entity, how will the Department coordinate with the Foundation to ensure that there isn't unnecessary duplication? Also, what type of guidance will USDA be able to provide the Foundation to help ensure transparency in terms of how its funds are used?

Response: All aspects of USDA science seek to ensure complementarity in its research portfolio. The Government Accountability Office (GAO) concluded as such in a recent review of duplication in the Research, Education, and Economics (REE) mission area (GAO-13-255) and as you have mentioned, the recent report the Department submitted to

Congress (as part of Sec. 7513 of the Agricultural Act of 2014) presents an important survey of the domestic agricultural science landscape. (Attached)

The public-private partnership as embodied in the new Foundation for Food and Agriculture Research (FFAR) authorized by Sec. 7601 of the Agricultural Act of 2014 provides an opportunity to not only enhance research in the agricultural science enterprise but take stock of the full complement of scientific endeavors across the nation and around the world.

While the Department's activities in standing up the Foundation are currently ongoing and are focused on incorporating the Foundation and appointing the Board of Directors, USDA has consulted in this process with other foundations similarly authorized by Congress in recent years to provide examples for the new FFAR Board. One such discussion with the Foundation for the National Institutes of Health (FNIH) gives a strong model of the relationship between the FNIH Board and NIH in developing research priorities and coordinating research funding. The Reagan-Udall Foundation for the Food and Drug Administration coordinates with FDA in a similar way. Ultimately, the FFAR Board will determine how best it will interact with the Department and its Ex Officio (non-voting) members, but FNIH and Reagan-Udall Foundation both serve as good examples and can offer best practices going forward.

4. As you know, honey bee health is of great importance to agriculture, and the declines of managed honey bee colonies in recent years has quickly raised the importance of this issue in light of the close relationship between pollinator health and fruit and vegetable prices, including many grown in Michigan. The Agricultural Act of 2014 reauthorized and expanded many existing programs related to honey bee health, including population surveillance programs and annual updates of ongoing issues and activities being administered to resolve population declines. Much scientific evidence has pointed to the varroa mite as the primary cause of bee decline; however, managed honey bees undergo great stress resulting from a variety of factors while pollinating fruits and vegetables across our country.
 - a) *Can you speak to these other stress factors that may be contributing to managed honey bee declines, including new pathogens and pesticide use, and describe USDA's plans to address these issues through programs run by ARS, NIFA, APHIS, NASS, and NRCS? Specifically within NRCS, how are you planning on using the expanded pollinator protection provisions to enhance pollinator habitat generally and in critical areas of need?*

Response: Based on scientific evidence to date, the leading factors that are most likely interacting to cause pollinator decline are poor bee nutrition and habitat loss, parasitic mites and pathogens, transportation stress, and exposure to pesticides. Lack of diverse bee stock may also contribute to bee susceptibility. USDA's Research, Extension and Economic Mission Area is about to begin an evidence-based analysis of the current literature on bee health and Colony Collapse Disorder to determine which research holds up to the most rigorous standards and can provide more focused direction for future research. USDA and the

Environmental Protection Agency (EPA) are coordinating efforts to revise the Bee Health Action Plan and develop a National Recovery Plan for Honey Bees. This will be accompanied by several listening and informational sessions Nationwide. These efforts build on a National Stakeholder Workshop on Honey Bee Health held in 2012; the report for the workshop can be found at www.usda.gov/documents/ReportHoneyBeeHealth.pdf. A Bee Health Action Plan was developed to address needs identified by stakeholders at this workshop, and several Federal agencies are now working together to accomplish this work; the federal agencies include eight USDA agencies (Agricultural Research Service (ARS), National Institute of Food and Agriculture (NIFA), Natural Resources Conservation Service (NRCS), Farm Service Agency (FSA), Animal and Plant Health Inspection Service (APHIS), National Agricultural Statistics Service (NASS), Forest Service (FS), and Economic Research Service (ERS)) and EPA. The goals of this work are to:

- Accurately determine the pesticide exposure that bees receive in the field and the sub-lethal effects of pesticides on honey bees and colony productivity;
- Systematically implement Best Management Practices for pesticide use and develop strategies to enhance adoption of these practices;
- Greatly improve knowledge of bee nutrition and its impact on bee longevity since malnourished bees are more susceptible to stressors;
- Improve bee breeding stock; and
- Improve means of managing parasitic mites and diseases.

The Federal Colony Collapse Disorder Steering Committee hosted a customer/stakeholder meeting in October 2013. This meeting provided input for the Colony Collapse Disorder Action Plan that is being updated for the 2014–2018 period. The revised plan will have a broader focus on all pollinator health issues, including Colony Collapse Disorder. As part of the process, USDA co-hosted a Varroa Summit in February 2014, at which scientists identified research needs in the national varroa mite program. This is recognized as critical because varroa may be the most important mortality factor in bees.

Highlights of agency activities are described in the following paragraphs.

National Institute of Food and Agriculture (NIFA)

Two Coordinated Agricultural Projects (CAP) were funded in 2008-2012 and 2010-2015 by the Agriculture and Food Research Initiative (AFRI) and support about 20 land grant university research and extension scientists and 3 USDA-ARS laboratories focusing on CCD and other factors causing bee declines. The accomplishments resulting from the two CAP projects are highlighted here:

- A Best Management Practices guide was published which included educational videos, and bee health bulletins for beekeepers. These materials are also available through the Bee Health Community Page, which serves as a repository of peer-reviewed, credible scientific information for the bee community.
- Research funded both by ARS and NIFA showed that varroa mite is an important vector of the Israeli Acute Paralysis Virus (IAPV), a disease that was strongly correlated with CCD.
- Exposure to pesticide-contaminated dust from abrasion of certain pesticide-treated corn seed appeared to have negative effects on honey bees in laboratory and field settings. Researchers

are currently planning experiments to determine how honey bees and other pollinators respond to environmentally relevant levels and whether a significant number of bees would likely be present in or around fields that are planted or seeded.

- A Bee Tech Transfer Team was established in California, which tests for hygienic behavior, presence of varroa mites, and *Nosema* from beekeeper's colonies and provides data from samplings to each bee breeder to help them make informed decisions on choosing breeder queens and appropriate treatments.
- The Annual winter loss surveys described in the ARS section below are made possible through NIFA's second CAP project and in collaboration with ARS scientists.

NIFA funds were also invested in pollinator research through the FY 2012 Sustainable Bioenergy Challenge Area grant program. One project is studying how land use change to biofuel crops will impact wildlife and pollinators. Wide-scale planting of certain biofuel crops may significantly reduce the amount of habitat with floral resources necessary for sustaining honey bees. A shortage of pollinator habitat has frequently been reported in colonies suffering high rates of colony losses.

Future research and extension efforts focused on pollinator health include the following:

- *Impacts of landscape changes.* We are investigating the effects of bioenergy crops planting in the U.S. north central region on pollinator health and diversity.
- *Toxicity of adjuvants.* Chemicals that are added to pesticides, such as surfactants and solvents, are being studied to determine their overall role in pollinator decline.
- *Transmission of diseases in large-scale beekeeping operations.* Researchers are evaluating the impact of moving frames between colonies, increased apiary size and density, and migratory beekeeping on virulence and transmission rates of bee diseases in hives.
- *Selective breeding for bee resistance to pests and diseases.* Extension specialists are expanding on tech transfer teams in several other states to assist honeybee queen breeders in selecting for hygienic behavior, a trait that helps bees defend against varroa mites and two other diseases, American foulbrood and chalkbrood.

Agricultural Research Service (ARS)

ARS scientists are carrying out extensive research to identify the serious threats to the health and well-being of honey bees and other pollinators and find solutions for restoring honey bee populations to optimal levels. Some of that research is highlighted below:

Pesticide Research:

- An area-wide project on neonicotinoids was started in 2013 in Tucson, Arizona, Beltsville, Maryland, and Poplarville, Mississippi, and cooperating locations in Baton Rouge, Louisiana, College Station, Texas, and Stoneville, Mississippi. A toxicologist in Stoneville has also been directed to work on this project. The plan of work calls for examining the effects of neonicotinoids on honeybee health when applied to row crops and the development of application technologies to reduce exposure of honeybees to pesticides. The Beltsville work will include studies of the effects of pesticide-treated sunflower on honeybees and the effects of pesticides on queen health.

- An ARS research chemist in Albany, California, completed a general study of the effects of pesticides on various bee species to provide ARS with baseline data from which to plan future research.
- ARS is developing a modified colony population dynamics model (BEEPOP-VARROAPOP) that will include the data on the sub-lethal effects of pesticides on colony survival. The models have attracted interest from the EPA and the agrochemical industry.
- Synergisms appear to exist between pesticides and *Nosema* spp. in CCD; this is being studied more closely at the Beltsville location.
- ARS is developing an integrated pest management program to optimize the use of the newly commercialized miticide HopGuard, which was developed at ARS Tucson.
- New pesticide research projects presently under review are directing considerable resources to determine pesticide effects on honeybees.

Hive Continuous Monitoring Protocol:

- In Tucson and Poplarville, ARS is beginning to monitor the effects of colony weight, temperature, CO₂ production, humidity, forager traffic, pesticides, and other factors on honeybee hives. Sensor data will be used to gauge how colony health is affected by almond pollination and fungicide exposure. These data will then be associated with colony phenology and nutrition data and external events, such as agrochemical exposure, to find larger connections between the disparate matters that appear to be adversely affecting the health of pollinators.

Bee Epidemiology:

- Using data collected by USDA and several states over the past several decades, ARS researchers in Logan, Utah, are developing an epidemiological model to determine the relative contributions of bee pathogens and parasites, pesticides, urbanization, changes in cropping patterns, weather, and other environmental factors on bee decline.

Bee Health Improvement:

- ARS researchers are evaluating the use of Blue Orchard bees to supplement honeybees in almond pollination. Researchers are determining better methods for deploying bees, and are evaluating the effects of planting flowers in or near almond orchards to improve bee health and reproductive ability.
- With APHIS, ARS completed a nationwide survey of bee health that sets baseline values for pests and disease prevalence in the United States.

Genetic Research:

- ARS scientists determined the single gene controlling larval honey bee resistance to chalkbrood, opening the way to marker-assisted breeding for resistance, a new genomics-based strategy for bee improvement.
- Two genes for varroa-sensitive hygiene (VSH) have been discovered and will be used in marker-assisted selection. Broad commercial adoption of the VSH trait has resulted in a new means of managing the varroa threat.
- The genome of *Varroa destructor* has been sequenced, revealing immune proteins that mites use to recognize hosts and develop.

- The gut parasite, *Nosema apis*, has been sequenced for use in comparing the effects of the parasite on adult bees.
- Molecular markers for honey bee resistance to tracheal mites have been discovered, which is useful in breeding bees resistant to the mites.
- Bees resistant to varroa mites (Russian bees and VSH bees) have been found to have superior pollination and honey production compared with Italian bees.

National Agricultural Statistics Service (NASS)

- NASS conducted limited surveys of honey production, number of colonies, price, and value of production, which provide some data essential for research by the other agencies. NASS will continue this valuable honey survey.
- Additionally, an important priority is the collection and analysis of data that monitors the status of U.S. pollinator colonies and the economic impacts being experienced. The FY 2015 budget proposal includes an additional \$2 million to expand the annual survey of bee keepers to include questions related to colony losses, of pests and parasites, management practices, crops pollinated and locations served, as well as estimates of revenues and expenses. This would provide essential data to the industry.

National Resources Conservation Service (NRCS)

- Since the 2008 Farm Bill, the NRCS updated all of its appropriate conservation practices to include considerations for protecting or enhancing habitat for pollinators, including honey bees. The NRCS updated practice payment scenarios to better reflect the costs of establishing pollinator habitat, and developed state-specific technical guidance on pollinator habitat establishment. The NRCS supported training thousands of their field office staff on pollinator conservation planning, and is collaborating with leading pollinator conservation organizations to support agency efforts in the field. The NRCS Plant Materials Program is conducting field trials of plantings that support pollinators, and is helping native seed producers expand the availability of critical plants for bees.
- The NRCS Conservation Innovation Grant program has supported field demonstrations of pollinator habitat establishment and monitoring across the U.S.
- The NRCS collaborated with the EPA and pollinator experts to develop a tool to help landowners find information on the bee-toxicity of specific pesticides, and national guidance on how to reduce pesticide risk to bees.
- To enhance pollinator habitat in critical areas of need, NRCS has initiated a special honeybee health endeavor in five Midwestern States (North Dakota, South Dakota, Minnesota, Michigan, and Wisconsin). Funding will be provided through the Environmental Quality Incentives Program (EQIP) to promote conservation practices that will provide honeybees with nutritious pollen and nectar while providing benefits to the environment. These Midwestern States were chosen because, from June to September, this region is the resting ground for over 65 percent of the commercially managed honeybees in

the country. It is a critical time when bees require abundant and diverse forage across broad landscapes to build up hive strength for the winter.

Animal and Plant Health Inspection Service (APHIS)

- The USDA Animal Plant Health Inspection Service (APHIS) has funded a national survey of honeybee pests and diseases annually through the Farm Bill since 2009. This survey is being conducted to document which bee diseases, parasites, or pests of honeybees are present and/or likely absent in the United States. Specifically, this survey has verified the absence of the parasitic mite *Tropilaelaps* and other exotic threats to honey bee populations (e.g., Slow Paralysis Virus). To maximize the information gained from this survey effort, collected samples are analyzed for other honeybee diseases and parasites known to be present in the United States. This nation-wide survey is the most comprehensive honeybee pest and health survey to date, and provides essential disease and pest base line information. This information helps place current and future epidemiological studies in context and thus may help investigations of emerging conditions such as Colony Collapse Disorder (CCD). Coordination of this survey is in collaboration with USDA Agricultural Research Service (ARS) Bee Research Lab (BRL) and the University of Maryland (UMD).
 - APHIS has also received increased appropriated funding beginning in 2013 to work with other Federal and State agencies and the public to manage, suppress, and eradicate varroa mites, small hive beetles, and other pests and diseases contributing to colony collapse disorder. In FY 2013, APHIS funded projects carried out by University of Hawaii and ARS to support breeding pest resistant bees and queens. In 2014, APHIS is funding several projects relevant to honey bee health including cooperative projects with ARS for the rapid detection of viruses and on the effect of varroa mites on susceptibility to viruses. APHIS is also funding university research to evaluate interactions between *Varroa* and viruses. Additional research being funded this year include the development of diagnostic tools for exotic bees, monitoring for varroa mite resistance to pesticides, effects of Nosema on nutrition, small hive beetle biology and control, and integrating disease surveys with management practices.
 - Additionally, APHIS beginning in 2010, provides funding to assist the Pollinator Partnership in its efforts to promote pollinator health.
- b) The Agricultural Act of 2014 directed the USDA to consult with the Department of the Interior and the Environmental Protection Agency in order to publish guidance and recommendations to allow for managed honey bees to forage on National Forest System lands. Given the importance of growing bee declines, what efforts have been made among the agencies to open up available lands to allow for better forage diversity?*

Response: The DOI, EPA, and USDA will be working through partner agencies of the USDA Pollinator Working Group and with partners in the Colony Collapse Disorder/Honey Bee

Health Steering Team to consult with DOI and EPA on developing guidance for allowing managed honey bees to forage on National Forest System lands.

Forestry

1. The 2014 Farm Bill expands a number of authorizations in the Forestry Title such as permanent Stewardship Contracting, national Good Neighbor Authority, and modified to Healthy Forest Restoration Program. These changes should allow the Forest Service to more efficiently and effectively target restoration; mitigation and suppression work in the National Forest System. *Can you explain how the Forest Service plans to use these authorities to achieve greater forest health? What type of outreach and education plan does the Forest Service has to ensure that states are aware of how to use both Stewardship Contracting and Good Neighbor Authority?*

Response: The authorities provided in the Farm Bill such as permanent authorization for stewardship contracting and the Good Neighbor Authority will help us to more effectively restore our national forests while also benefiting local communities. These tools, coupled with the insect and disease designations and modifications to the Healthy Forests Restoration Act, will help accelerate the pace and scale of restoration and create more resilient landscapes. Stewardship contracting helps the Forest Service achieve land and natural resource management goals while promoting closer public-private working relationships by using the value of forest products to offset the cost of services. Improved economic conditions and expanded markets for products have recently contributed to the expanded use stewardship contracting. In addition, a better understanding of how to best use the tool has led to larger project sizes. Since 2008, acres treated through stewardship contracts have nearly tripled. The Forest Service will continue to provide training across the agency and with States and partner organizations on use of this important tool. The Good Neighbor Authority is an important new tool that will allow the Forest Service to work more effectively and collaboratively with States to implement needed watershed restoration activities. The Forest Service is still developing the necessary guidance for implementation of the new Good Neighbor Authority and intends to engage the States, Tribes, and other stakeholders in that process. Additionally, training on how to use this newly expanded authority will be provided both internally and externally.

2. The 2014 Farm Bill expanded the authority within the Healthy Forest Restoration Act to allow for priority insect and disease designations and 3,000 acre categorical exclusions on certain areas. These modifications were included to address the overwhelming damage insect and disease is having on the health of our National Forests. It's my understanding that many of the 35 petitions were submitted close to – or on – the deadline in the act. As you know, the law provides the Secretary with discretionary authority to designate other areas “as needed to address insect or disease threats.” I understand FS is currently reviewing the designations to make sure they fit the criteria outlined in the Farm Bill and will notify states within the next month if their designation has been accepted.

It is crucial that the Forest Service uses the utmost care when designating lands and ensures that the language they use to designate areas is consistent with the congressional intent of the program. *What administrative steps is the forest service taking to notify states of designations? Can you explain to the Committee the Departments views on your NEPA compliance responsibilities under this section? Once states have been notified what are the next steps FS is planning on taking to utilize the 3,000 acre Categorical Exclusion and what is the outline for how FS plans to prioritize these applications?*

Response: On May 20, Secretary Vilsack designated approximately 45.6 million acres on 94 national forests in 35 States. Designation letters and maps were sent from the Chief of the Forest Service to each Governor notifying them of the areas that were designated in their State.

This section does not exempt the Forest Service from complying with the requirements of NEPA. NEPA compliance, as provided in the Farm Bill, will be done in the same rigorous manner as it is for all other projects the agency implements. Projects that are implemented using the authorities in section 104 of the Healthy Forest Restoration Act (HFRA) will follow the same process to complete environmental analyses that has been followed since inception of HFRA. The Forest Service has also incorporated guidance for the new Categorical Exclusion (CE) into the Forest Service NEPA handbook. Use of the new CE will be required to follow existing agency policies. Compliance with other environmental laws and regulations such as the Endangered Species Act, Clean Water Act, Clean Air Act and Agency Roadless Rules has not been altered by the Agricultural Act of 2014. The Forest Service will continue to work closely with State agencies, the public and other stakeholders to implement priority projects. All projects will be collaboratively developed and implemented.

3. The Forest Service budget this included a provision to create a wildfire disaster fund to help with the immense problem of diverting funds from FS programs to put towards wildfire suppression efforts. Last year more than \$600M was diverted from other programs to pay for excessive wildfire costs. Fire borrowing is a large problem and the impact that the shuffling of budgets has on basic restoration and forest health maintenance work is immense. *What has this done to the Forest Service budgets of the Great Lakes States? How much of their program budgets have been diverted to address western forest fire needs?*

Response: Fire transfers depleted the budget by \$505 million in FY 2013, which disrupts the momentum of critical restoration work. The impact is felt across critical programs nationwide and exacerbates the frequency and intensity of fires in future years. In FY 2013, fire transfer negatively affected national forests in the Great Lakes States as well, diverting approximately \$1.4 million in funding from on-the-ground projects. In Michigan, fire transfer forced over \$670,000 in project funding to be diverted (nearly \$98,000 from the Huron-Manistee; \$426,000 from the Ottawa; and \$145,000 from the Hiawatha). In Minnesota, fire transfer diverted \$707,000 in project funding (\$609,000

from the Superior and \$98,000 from the Chippewa). In Wisconsin, the Chequamegon-Nicolet had \$10,000 in project funding diverted. For each of these forests, fire transfers are extremely disruptive and make it difficult to plan for the future. The fire suppression cap adjustment would fix this problem by providing a stable source of fire suppression funding and enable greater investment in restoration and fire risk reduction programs.

4. Biomass power is an important component of our country's energy strategy. I understand that EPA is making progress on an accounting framework that will guide the treatment of forest-biomass carbon emissions under the agency's greenhouse gas rules. *What role is USDA playing in the development of the framework? Given USDA's expertise in carbon forest accounting, can we expect that you will work closely with Administrator McCarthy to ensure that EPA fully recognizes the carbon benefits of energy from forest biomass?*

Response: USDA provided technical expertise during EPA's review process of the framework. Additionally, USDA has worked with EPA to assure their awareness of USDA's interest in this matter, which was also noted by Administrator McCarthy in testimony before Congress.

5. Invasive species, particularly the emerald ash borer, are a huge threat to Michigan's forests. In the new Farm Bill, the Committee worked hard to streamline program delivery and increase effectiveness, and invasive species programs were no exception. *Please explain how Farm Bill policy adjustment and improvements will impact the work USDA is doing to eradicate or mitigate the threat of these forest pests and diseases?*

Response: The Farm Bill will help the Forest Service implement insect and disease treatment projects more efficiently. It is anticipated that the newly legislated CE used in conjunction with stewardship contracts, timber sales, the Good Neighbor Authority, mechanical fuels reduction and prescribed fire will help to reduce impacts from insects and disease on the Nation's forest resources. By utilizing these tools we will be able to more aggressively treat infestations by invasive species, such as emerald ash borer, through infested tree removals, stand treatments, and parasitoid releases. The agency will also use expedited NEPA procedures within the Healthy Forests Restoration Act to develop and implement landscape scale projects within the designated areas that are either experiencing outbreaks or expected to have high levels of mortality based on National Insect and Disease Risk Map projections.

Energy

1. One of the first commercial-scale digester projects in the United States was built in Fremont, Michigan. This digester has the capacity to take 100,000 tons of agricultural waste from a local food processing facility and turn it into enough power for 1,500 homes annually. This facility produces a clean, renewable energy source while adding value and jobs to the local community. The project was financed in part with funding from the Energy Title's Biorefinery Assistance Program. Other programs such as REAP and

EQIP can also provide support for bio-digesters. *Does USDA have a coordinated interagency plan for digester projects? If so which office or person oversees this effort? Are there any specific barriers that prevent coordination that you believe need to be overcome? This is the type of success that Farm Bill programs can promote; how can we get more projects like this one off the ground?*

Response: USDA has a Memorandum of Understanding (MOU) with U.S. dairy producers to accelerate the adoption of innovative waste-to-energy projects and energy efficiency improvements on U.S. dairy farms, both of which help producers diversify revenues and reduce utility expenses on their operations. One objective of the MOU is to increase the construction of anaerobic digesters and explore innovative ways to use products previously considered waste streams from dairy production, processing and handling. The MOU can be found at <http://www.usda.gov/documents/usda-mou-innovation-center-us-dairy.pdf>.

USDA support for agricultural and waste-to-energy research has played a key role in the agreement's success to date. Since signing the MOU, USDA has made awards that helped finance the development, construction, and biogas production of anaerobic digester systems with Rural Development programs, such as the Rural Energy for America Program (REAP), Bioenergy Program for Advanced Biofuels, Business and Industry Guaranteed Loan Program, Value Added Producer Grants, amongst others.

Finally, USDA's Natural Resources Conservation Service (NRCS) has provided funding to help farmers plan and implement conservation practices to improve sustainability. NRCS support assists on-farm and in-plant energy audits as well as conservation innovation grants.

2. With the expiration of the 2008 Farm Bill, the Biobased Markets Program lost its funding. The new Farm Bill has restored funding for this important program. *How large is the backlog of applications for the Labeling program? How long do you expect it take to process those applications?*

Response: USDA was poised to move quickly when funds became officially available in early April and was able to expeditiously work off the application backlog from more than one hundred companies. The Department anticipates that new applications, if complete, will be processed within 60 days of receipt.

3. The Farm Bill explicitly includes forest products as being eligible for the Biobased Markets Program. *What outreach is USDA doing with industry to promote the program? How soon can USDA begin approving forest products for the Biobased Label?*

Response: USDA is working to answer questions as they arise from forest product interests regarding our proposed approach. USDA recently participated with the Pine Chemicals Association at their annual conference, conducted outreach, and answered their questions about how USDA is proposing to proceed with Farm Bill implementation. Additionally, the BioPreferred program manager has had several meetings with the

American Forest and Paper Association to inform them of USDA plans to move rapidly to include innovative wood products. More importantly, USDA is planning a public meeting in the near future to discuss our approach to including innovative forest and other traditional products (such as cotton, leather, and wool). USDA will publish a notice of the public meeting in the Federal Register.

USDA plans to revise the BioPreferred Program Guidelines by final rule in the coming months. This rule will eliminate the current mature market exemption. As a result, USDA will begin accepting product certification (e.g., product label) applications from forest products and evaluating them to establish if such products apply an innovative approach to growing, harvesting, sourcing, procuring, processing, manufacturing, or application of biobased products. In addition, USDA will also begin accepting forest products that meet the above criteria into the Federal procurement preference program in already designated categories. Thus, USDA expects to begin including forest products in both parts of the BioPreferred program in the next several months.

4. *What types of outreach and promotional activities does USDA undertake to promote biobased product purchases to other Federal agencies? What specifically is the Department doing to ensure accurate reporting from other Federal agencies on the quantities and types of biobased products those agencies purchase?*

Response: USDA has a comprehensive outreach program targeting Federal agencies, including contracting/ procurement, technical, and purchase card personnel and contractors. USDA has conducted awareness training to personnel from all agencies on all aspects of the biobased program. USDA has provided acquisition tools such as model templates for acquisition personnel. USDA belongs to an interagency workgroup consisting of over 40 agencies where acquisition of biobased products is frequently discussed as part of the agenda.

In 2013 USDA supported a major revision to the Federal Acquisition Regulation that requires contractors to report the annual dollar volume of biobased products purchased under Federal contracts. USDA is conducting outreach to both Federal employees and contractors to ensure all are aware of the reporting requirements. Additionally, this year USDA created mandatory training for the almost 6,000 members of the USDA Acquisition Community to ensure appropriate biobased clauses are included in procurements and that contractors complete reporting requirements.

Senator Tom Harkin

- 1) In the Conservation Stewardship Program (CSP) it is very important that agricultural producers are able to understand the program and how they may be able to participate in it. That will enhance the already strong performance of the program. The Natural Resources Conservation Service uses a computer program called the CSP Conservation Measurement Tool to assess the level of conservation on a farm and the level to be achieved when that farm is enrolled in CSP. There would be real value, as I see it, if farmers and the public were able

to examine and understand how conservation and environmental performance is measured in the CSP.

Would you review the current NRCS policy, which is not to allow farmers and the public to have access to the Conservation Measurement Tool? That is, would you carefully examine why there should be any obstacle to putting the CSP Conservation Management Tool up on the NRCS website in a format that a farmer can actually work through it, that is, as a web-based tool?

Response: NRCS is taking a number of steps to help agricultural producers who want to participate in CSP understand the Conservation Measurement Tool (CMT) so that they can better understand how their applications are evaluated and the impacts of their conservation decisions. While the CMT is an internal tool currently, NRCS has taken steps to increase its transparency and will be increasing access going forward.

For example, information about how the CMT operates and how scores are calculated, as well as the actual point values related to resource concerns are all available on the CSP website today. In addition, producers working with NRCS planners on their CSP activities can see firsthand how their score progresses based on decisions they make in the course of completing their applications. NRCS's long term plans are for the Conservation Delivery Streamlining Initiative (CDSI) to integrate the assessment components of the CMT so that producers can directly access and enter information related to their farm or ranch.

2) Also in the CSP, there is a standard called the stewardship threshold. That is a level of conservation performance that represents sustainable use of a particular resource, such as soil, water, or air. That is, the stewardship threshold means a "non-degradation" level of conservation. How high the stewardship threshold is set has everything to do with how effective the CSP is in achieving sound conservation and stewardship. The stewardship threshold is a measure used to determine whether a farmer is at a minimum level of conservation to enroll in the CSP, and it is also a measure of whether a farmer's CSP plan is sufficient to meet a high enough level of conservation by the end of the contract term.

Will you do your best to make sure the stewardship thresholds in the CSP is strong enough to ensure a good, strong level of conservation benefits is achieved on farms that are enrolled in CSP, and adjust the current thresholds if careful review shows that to be desirable?

Response: NRCS will incorporate stewardship thresholds into CSP that reflect strong conservation benefits, including cleaner water, better soil health, improved wildlife habitat

and air quality. The 2014 Farm Bill requires stewardship thresholds to be scientifically founded. While some well-established thresholds exist, NRCS is currently working with its Science and Technology specialists to develop science-based thresholds for additional resource concerns as well as evaluate whether changes are needed in existing thresholds.

Senator Sherrod Brown

1) Secretary Vilsack, thank you for being here today and for your work to better connect more small and mid-sized family farmers with USDA resources.

It is my understanding that USDA's Rural Development program has taken some initial steps in implementing Farm Bill changes for the Value Added Producer Grant Program- changes that originated in the Local Farms, Food, and Jobs Act and were incorporated into the farm bill. Through recent listening sessions, it is my understanding that USDA sought public input on how to implement the Farm Bill provision that clarifies how to categorize projects for priority consideration by producer group.

In the Farm Bill, it was the intent of Congress to prioritize small and medium-sized family farms—and Beginning and Veteran farmers—in the VAPG program. How are you and the Rural Development team ensuring that VAPG funds are targeting small and medium-sized family farms?

Response: To implement the changes the farm bill made to the VAPG program, USDA will need to modify the existing interim rule, under which the program is currently run. In doing so, USDA's Rural Business-Cooperative Service will prioritize beginning and veteran farmers, as is required in the statute. Specifically, statutory preference is delineated for four categories of applicants: 1) Beginning farmers and ranchers; 2) Socially-disadvantaged farmers and ranchers; 3) Small and mid-sized family farms, and; 4) Veteran farmers. The new rule will reflect this.

2) The just-released Census of Agriculture shows continued growth in local and regional food systems—I applaud your work in this area. Just last week, USDA announced a change to the Business and Industry (B&I) Guaranteed Loan Program's Locally or Regionally Produced Agricultural Food Products provision that allows projects that are physically located in a more urban area to be eligible for priority funding if the project directly benefits farmers and rural businesses and increases an underserved community's access to affordable, healthy, and locally or regionally produced foods. With this change, the B&I program would be able to provide loan guarantees for enterprises that process, distribute, aggregate, store, and market locally or regionally produced agricultural food products to support community development and food security and farm and ranch income. In a diverse state like Ohio, this is a welcome development.

What additional steps will USDA take to help promote the B&I program's emphasis and set-aside for local and regional food businesses? Also, do you have plans to extend the new B&I policy of allowing food aggregation and distribution centers to be located closer to large

consumer markets, increasing their benefit to farmers, to other USDA rural development programs? It seems the same principle could be usefully applied to several rural business and community development programs.

Response: USDA Rural Development announced that urban projects that met a specific set of criteria were eligible for funding under the Business and Industry (B&I) Guaranteed Loan Program's local food set-aside in a Federal Register notice on April 30th. The authority to fund locally or regionally produced agricultural food products lies in Section 310B(g)(9) of the ConAct. The statute defines the term "locally or regionally produced agricultural food product" as any agricultural food product that is raised, produced, and distributed in the locality or region in which the final product is marketed so that the total distance that the product is transported is less than 400 miles from the origin of the product or (2) the State in which the product is produced. USDA's Office of General Counsel opined that this includes urban areas as well as rural areas.

Among local and regional food projects, funding priority will be given to those that provide a benefit to underserved communities, which is defined as an urban, rural, or Indian tribal community with limited access to affordable, healthy foods, including fresh fruits and vegetables, and a high rate of hunger or food insecurity or a high poverty rate. Urban-based projects must also support farm or ranch income.

We do not expect that the clarification made to the B&I program will be extended to other rural business programs, as the statutory language governing this provision is exclusively for local and regional food projects and other programs do not allow it.

3) Mr. Secretary, the Farm Bill includes an important provision related to the Wool Trust Fund—this is of particular importance to our domestic textile and clothing industry. I understand that there is some confusion within USDA about this provision and how it will replace a similar program at Customs and Border Protection. Will you have someone in your office work with my staff on making certain that this program rolls out as Congress intended?

Response: USDA is working with the Customs and Border Protection to continue the Wool Trust Fund and payments through 2019. Customs has made the 2014 payments to eligible recipients. USDA's Foreign Agricultural Service (FAS) will be drafting regulations for the Wool Trust Fund and will be making future payments, including any payments to eligible recipients to make up with for shortfalls in past payments, authorized by provisions in the 2014 Farm Bill. FAS will keep your staff informed as the program is fully implemented.

4) After a particular rough winter and the so-called Polar Vortex, Ohio grape growers experienced substantial damage to their 2014 crops. In fact, Ohio State University projects that this will be the worst damage to the state's grape crop on record. Can you commit that your local and national staff will work to do everything possible to qualify Ohio grape growers for the Tree Assistance Program or other appropriate disaster assistance programs?

Response: County Farm Service Agency Offices began accepting applications for assistance under the Tree Assistance Program and the other Supplemental Agricultural Disaster Assistance

programs authorized by the 2014 Farm Bill on April 15, 2014. TAP has several eligibility requirements including a 15% mortality threshold that have to be considered on a producer-by-producer basis. In this case, mortality includes both complete death of a plant and damage so severe that the plant is no longer commercially viable and needs to be replaced. FSA will work with producers at a local level to ensure that disaster assistance is made available for eligible losses.

Senator Kirsten Gillibrand

1) I am very concerned with the continued failure of the Public Health Information System used by the staff of the Food Safety Inspection Service to perform and record food inspection activities. When these failures occur at a well monitored domestic processing facility, it makes inspection difficult. When these failures occur at a border crossing, seaport, or airport, where a product is entering from countries where daily FSIS inspection does not occur, the results may be catastrophic. Last month, a truck carrying approximately 36 pounds of baby back ribs entered New York from Canada and was inspected by Customs and Border Patrol agents but not by the Food Safety Inspection Service. This lapse in inspection went unnoticed because the Public Health Information System (PHIS) computer program used by the FSIS did not communicate with the Automated Commercial Environment (ACE) computer program used by the CBP. I have written to you on several occasions outlining the many shortcomings of PHIS and how they pose a risk to food safety.

Can you explain why the ACE and PHIS programs do not communicate and what your agency is doing to repair this problem?

Response: FSIS PHIS and ACE are communicating with each other, and have since May 2012. While there are a limited number of data elements common with CBP, FSIS is constantly working to improve the interface, and most recently deployed with CBP a "single" window capability which will further enhance the system's communication abilities. The effort to create a "single window" capability is part of the greater Government-wide effort, detailed in the February 19, 2014 Executive Order on Streamlining the Export/Import Process for America's Businesses, which established a schedule for incorporating all agencies with import/export responsibility into a single system by the end of 2016. FSIS is continuing to work with industry as they transition to using ACE to file their entries, to enable the transfer of all FSIS related data.

What actions is the USDA undertaking to reduce 'failure-to-present events' at our border crossings now that form 9540-1 is no longer being used?

Response: This form is still in use, although the system we are developing will eventually eliminate the need for it altogether. The Agency also has staff comparing entry summary reports from the CBP's ACE with a report from PHIS, and then identifies any entry filed with CBP without a corresponding received lot in PHIS. When there is no corresponding received lot, there is a potential "failure to present" incident, and the FSIS follows-up with the companies involved to address the issue either through a recall or through other means.

Can you commit your agency to repairing or replacing this troubled IT system and what can we provide to ensure that this system is improved and the safety of our food is protected?

Response: The Agency is still working to develop and improve how PHIS interacts with ACE – including an automated function that will alert inspection program personnel of each occasion that reinspection is not performed – and is fully committed to completing this work. Nonetheless, we believe that most of the problems with PHIS have been addressed, and it is working effectively to protect the health of the American public.

2) Secretary Vilsack, I recently sent you a letter with Senators Feinstein and Durbin urging you to develop *Campylobacter* standards for chicken. Your Department recently announced it would create new standards for *Salmonella*, but you have not set any timeline for setting similar standards for *Campylobacter*. The CDC estimates 850,000 Americans get foodborne illness from *Campylobacter* each year. A recent study by your Department estimated that 22% of poultry parts – like chicken breasts – are contaminated with *Campylobacter*.

Given these disturbing facts, when will you commit to establishing new Campylobacter standards for poultry?

Response: The Agency is committed to developing a performance standard for *Campylobacter* on chicken parts and plans to announce and request comment at the same time as the *Salmonella* performance standard by the end of the fiscal year. FSIS is investigating the appropriateness of *Campylobacter* performance standards for comminuted poultry.

Senator Joe Donnelly

- 1) We have some Hoosiers who are doing great job promoting the adoption of conservation techniques like cover crops throughout our state. Our Farm Bureau, commodity groups, Soil and Water Conservation Districts, and universities, along with their state and federal regulators, have all been collaborating to develop a long-term, statewide nutrient management and soil health strategy that focuses on researching and increasing the adoption of various conservation practices in field. As you know, we created a new Regional Conservation Partnership Program in the farm bill that is designed to help develop locally led, regional conservation projects to improve soil quality, water quality, and wildlife habitats in specific areas. When do you anticipate beginning the implementation of RCPP?

Response: The Regional Conservation Partnership enrollment process is underway. USDA published the Announcement of Program Funding on May 27, 2014 in Grants.gov. Pre-proposals from interested applicants were due July 14, 2014, and USDA plans on selecting pre-proposals by August 1, 2014. Applicants with selected pre-proposals have until September 26, 2014, to submit full proposals for funding consideration. USDA plans on announcing selected proposals by October 17, 2014.

- 2) Pat Roberts and I authored language in the farm bill that expanded crop insurance to include crops grown for feedstocks to produce biofuels, electricity, or biobased products. How is USDA moving along with regard to implementing the need to cover energy crops under the crop insurance programs?

Response: Both the Farm Services Agency (FSA) and the Risk Management Agency (RMA) are working in this area. FSA is expanding coverage to include crops grown to produce a feedstock for renewable biofuel, renewable electricity, and bio-based products through the Noninsured Crop Disaster Assistance Program.

RMA contracted with external researchers to conduct three studies (dedicated energy crops, corn stover/crop residue, and woody biomass) to determine the feasibility of creating insurance programs for biofuel crops. These studies (available at <http://www.rma.usda.gov/pubs/> under the Risk Management section) have indicated that few of the dedicated energy crops are at a commercial capacity sufficient to sustain a crop insurance program. RMA has recently implemented a crop insurance program for camelina in Montana and North Dakota that was privately submitted through section 508(h) of the Federal Crop Insurance Act. The insurance provides coverage for loss of production due to adverse weather, fire, insects, disease, wildlife, earthquake, or volcanic eruption. The grower must have a contract with a processor to grow camelina in order to purchase the insurance.

- 3) As a result of our compromises in the commodity title, our farmers are going to need to make several one-time, irrevocable decisions about the ways they participate in the programs. As a result, we provided funding to support the development of web-based decision aids to assist with those decisions. I think it's critically important that institutions representing different regional views on farm programs be able to participate in the development of the tools that will assist producers in making their various decisions so that we can ensure producers have the best information available to them. Do you agree that we should ensure all regions are represented in the web-based decision aids?

Response: On May 29, USDA announced awards of \$3 million to develop web-based decision tools for Average Crop Revenue/Price Loss Coverage, Noninsured Assistance Program, and Dairy that included regional partners.

- 4) Congress expanded eligibility for the Section 9003 Biorefinery Assistance Program to include stand-alone renewable chemical and biobased product manufacturing facilities. Is the Department committed to allowing these facilities access to the program as intended, and when can we expect a funding opportunity that includes such facilities?

Response: The Department is committed to incorporating biorefineries that produce renewable chemicals and other biobased product manufacturing facilities into the Section 9003 Biorefinery Assistance Program. The Department is in the process of updating the program regulations; decisions on how to incorporate renewable chemical facilities are complex and have not been finalized. We anticipate publishing the updated regulations and announcing a funding opportunity inviting applications in Fiscal Year 2015.

Senator Heitkamp

- 1) To ensure the farm safety net program reflects the losses that occur for growers in North Dakota and other states with large-sized counties, it is important the option to elect into a farm-level program is provided. I fought hard to include the option for farm level election in the Farm Bill as part of the ARC program; however, I am concerned that USDA is not doing enough to promote and educate producers about the availability of this program. Can you provide me with a timeline for when details about the farm level ARC will be made available to growers?

Response: The Farm Service Agency (FSA) has begun the process of developing regulations to implement the Agriculture Risk Coverage – Individual Coverage (ARC-IC) program. After the regulations are published this fall and in coordination with the institutions selected to implement section 1614 of Agricultural Act of 2014, FSA will begin the task of educating producers on all aspects of Price Loss Coverage (PLC) and ARC. In addition, USDA announced on May 29 it is awarding \$6 million to universities and cooperative state extension services to develop online decision tools and other materials and train experts to educate producers about several key farm bill programs. The new web tools will help farmers and ranchers determine what participation in programs established by the 2014 Farm Bill will mean for their businesses. The roll out of these new online decision tools and extension services education will coincide when the regulations are published. USDA will also utilize both the FSA local offices and extension service to provide educational sessions and information before the ARC/PLC election opportunity begins later this winter.

- 2) North Dakota State University (NDSU) in North Dakota has done some great work educating producers about the options available to them. However, they lack clear guidance about how farm level ARC will be implemented and what it will mean for individual farms. The complicated nature of the farm level design has also made it difficult for NDSU to create their producer information tools that allow farmers to plug in their individual production stats to make predictions about which program will work best. Programs that have in the past involved farm level calculations, like the ACRE program, have proven difficult to explain to farmers. What is USDA doing to provide growers with the clarity they need?

Response: On May 29, USDA announced awards of \$3 million to develop web-based decision tools for Average Crop Revenue/Price Loss Coverage, Noninsured Assistance Program, and Dairy that included regional partners. .

USDA 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.

- 3) I have been informed that USDA may select only one awardee for the education funding we provided to FSA in the Farm Bill. The purpose of the funding is to award land grant

institutions with resources to create a web-based education platform. Can you comment on whether or not you will award multiple land grants with resources to create the web application?

Response: As stated in previous response, on May 29, USDA announced awards of \$3 million to develop web-based decision tools for ARC/PLC, NAP, and Dairy that included regional partners.

- 4) I have concerns that awarding the education funding to one or two institutions will mean that an educational institution may be in a position to prepare tools for agricultural sectors outside of their expertise. For instance, NDSU would probably not be the best school to craft a web tool for the cotton STAXX program. Conversely, I wouldn't expect Texas A&M to be in a strong position to create an online tool for farmlevel ARC. Can you comment on whether responsibilities will be divvied up in Farm Bill education?

Response: As stated previously, on May 29, USDA announced awards of \$3 million to develop web-based decision tools for ARC/PLC, NAP, and Dairy that included regional partners.

USDA 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 FSA staff. Outreach meetings will begin late this summer to help farmers and ranchers understand the new programs and their options.

- 5) Thank you Secretary Vilsack for your swift implementation of the livestock disaster programs. The assistance provided by these programs is critical for ranchers in North Dakota and throughout the country. Can you share early reports on how enrollment has fared?

Response: As of June 6, 2014, USDA has processed over 48,000 applications from producers and disbursed over \$505 million in regard to the Livestock Indemnity Program, Livestock Forage Disaster Assistance Program, and the Tree Assistance Program.

- 6) The compromise conservation compliance proposal includes a number of important changes for North Dakota producers. Among these improvements are:
- Compliance violations that occurred prior to the passage of the 2014 Farm Bill will not affect crop insurance eligibility.
 - An assurance that the conservation compliance policy for crop insurance is forward looking, that is, a producer will never be forced to pay back premium subsidy or a crop insurance indemnity.
 - Any producer found out of compliance will have a minimum of one-year after the final determination (and any appeals) to remedy the problem before losing crop insurance premium subsidy eligibility.

- A renters eligibility for crop insurance for farms in compliance are shielded from the compliance violations incurred by land owners
- Strong “Good Faith” Protections. If a grower is found to have acted in good faith when violating the conservation compliance requirements

When will details regarding conservation compliance implementation be ready to share with growers in North Dakota?

Response: RMA will publish an Interim Rule early this summer incorporating a crop insurance policy provision that outlines the requirements for producers to certify compliance at their local FSA county office following similar processes and procedures used in complying with other USDA programs. Additionally, the USDA anticipates publishing a Departmental regulation detailing the new conservation requirements in the early fall of 2014. Beginning this summer, USDA will conduct outreach to ensure that producers are aware of the new requirements.

- 7) The conservation compliance language in the Farm Bill directed that producers be able to self-certify their compliance with minimal hassle – just like they do with current Title I compliance. Can you tell me if producers will be able to self-certify using the same forms as before? Will new paperwork be involved on the producer’s end of things to certify to FSA, NRCS and RMA that they are complying by the conservation standards for wetlands and highly erodible lands as outlined in the statutes?

Response: USDA is in the process of amending the forms. To the maximum extent possible, FSA, NRCS, and RMA are working to ensure that the process currently in place for conservation compliance certification remains the same.

- 8) The new Farm Bill gives special consideration for new and beginning farmers with regard to transition yields. These provisions are important because they cushion the impact of losses from disaster years on insurance costs and coverage for farmers just starting out. Can you provide us with an update on when the details regarding program changes will be provided to Approved Insurance Providers? Do you anticipate any difficulties with implementation?

Response: RMA plans to issue an interim final rule early this summer that will implement these new provisions for 2015 spring crops. RMA has met with Approved Insurance Providers and an industry trade association to highlight the changes brought about by the Agricultural Act of 2014, seek input on program development and implementation, and will conduct training this summer on beginning farmer and rancher provisions. At this time RMA does not anticipate any difficulties implementing the beginning farmer and rancher provisions.

- 9) The 2014 Farm Bill authorizes a new commodity program that gives farmers the option to participate in either a revenue protection program, Agricultural Risk Coverage, or a price loss protection program, Price Loss Coverage. At initial enrollment, farmers must choose the program that is best suited to their farms. After program enrollment, farmers

will not be allowed to switch. This circumstance creates a high stakes decision for farmers, and they will need time and resources to make a decision. Can you tell me when farmers will need to make a decision regarding program election?

I am concerned about the possibility that this choice will come at a busy time during the crop year. If farmers need to make a call about the program to enroll in during the month of November, when some farmers may not yet have their crops in the bins, it's hard to imagine that the growers will be in a position to make a well informed choice given the volume of work that may need to be done on the farm. Can you commit that farmers be given at least until after 2014 crop year harvest to make the choice?

Response: The opportunity to elect Price Loss Coverage, Agricultural Risk County Coverage, or Agricultural Risk Individual Coverage will begin to be offered late this year. Exact timing has not been announced, but we share your concern about providing sufficient time and information for such an important decision.

- 10) Farmers, ranchers and consumers are all very glad that the Farm Bill did not rescind country-of-origin labeling standards, or COOL. Ninety-five percent of consumers have indicated they want to know where their muscle cuts of meat come from and our farmers and ranchers are proud of what they produce. The Farm Bill did require USDA to study COOL's costs and benefits. I would say that it is very much worthwhile. What is the timeline for this study and how will USDA conduct it?

Response: Section 12104 of the Agricultural Act of 2014 requires that the Secretary of Agriculture, acting through the Office of the Chief Economist, conduct an economic analysis of the final rule entitled "Mandatory Country of Origin Labeling of Beef, Pork, Lamb, Chicken, Goat Meat, Wild and Farm-raised Fish and Shellfish, Perishable Agricultural Commodities, Peanuts, Pecans, Ginseng, and Macadamia Nuts" published by the Department of Agriculture on May 24, 2013. In particular, the economic analysis is to include an analysis of the impact on consumers, producers and packers of Country of Origin Labeling (COOL) regulations for beef, pork and chickens.

The Office of the Chief Economist has initiated contracts with researchers at Kansas State University and the University of Missouri to analyze the effects of COOL regulations on consumers, producers and packers. Preliminary results are expected in FY 2014. Those analyses will be used as input into the final study which is expected to be completed in FY 2015.

Senator Robert P. Casey, Jr.

1. Currently, Pennsylvania has the second highest number of dairy farms in any state, second only to Wisconsin, and is the only state to show an increase in total dairy herds. Milk production in Pennsylvania is up nearly a half percent from a year ago, with milk quality, reproduction and other herd management benchmarks improving. Dairy exports are also at all-time highs. How will USDA implement the dairy margin protection

program in a way that encourages the dairy industry to respond to the market, and especially assist new and young farmers in entering the business?

Response: New dairy operations can establish annual production history based on their recent monthly marketings and will be eligible to participate in the Dairy Margin Protection Program. Premiums for smaller size dairies are lower than for larger size dairies for similar coverage in accordance with the 2014 Farm Bill. USDA is currently drafting the regulation and supporting information and producer tools that are expected this fall.

2. How is USDA assisting smaller dairy farms in learning about the dairy margin protection program and other risk management tools?

Response: On May 29, USDA announced awards of \$3 million to develop web-based decision tools for Average Crop Revenue/Price Loss Coverage, Noninsured Assistance Program, and Dairy that included regional partners. USDA 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 FSA staff. Outreach meetings will begin late this summer to help farmers and ranchers understand the new programs and their options.

3. I understand that USDA has certified only one entity through the certification program in the Farm and Ranchland Protection Program in the 2008 Farm Bill, now the Agricultural Lands Easement (ALE) program in the 2014 Farm Bill. I also understand USDA is working to try to certify more entities in order to make the process more efficient under the new ALE program. Will USDA be streamlining the process, for both certified and non-certified entities that use standard forms and templates for example, to better use limited resources?

Response: The Natural Resources Conservation Service (NRCS) listened to entity concerns regarding the certification process and the need to streamline program operations. Based on this feedback, NRCS revised the certification process and the standard forms and templates used under the Agricultural Land Easement (ALE) component of the Agricultural Conservation Easement Program (ACEP). The changes will benefit certified and non-certified entities.

The ALE entity certification process will be streamlined based on the lessons learned in reviewing entity certification applications submitted under the Farm and Ranch Lands Protection Program (FRPP). NRCS determined the review needed to be more narrowly focused and efficient. The first Certification Panel convened under ALE will be tasked with evaluating the application review form used under FRPP and narrowing its focus to the core requirements for certification and applicants' most recent transactions. Entities will be able to comment on the certification criteria and process when the interim rule is published in the fall of 2014.

Regarding forms and template documents, entities will see streamlined and flexible minimum deed terms, as compared to the provisions required under FRPP. Entities will also be using a new application form that is for the first time tailored to meet the specific program requirements of ALE. This is a change from FRPP, which did not have a standard application form. With this new standardized form, NRCS and entities will efficiently evaluate projects to ensure they meet program requirements.

NRCS anticipates that the streamlined and flexible ALE minimum deed terms will be acceptable to more entities since they allow for a wider range of partner missions, so long as they are still compatible with the purposes of ACEP and ALE. Both certified and non-certified entities can incorporate these terms into standard forms and templates. NRCS was able to accomplish this streamlining by focusing on the ALE component's core mission of protecting agricultural uses, focusing the deed restrictions to ensure activities that could convert farm and ranch land to non-agricultural uses are appropriately limited.

4. Under the 2008 Farm Bill, the Chesapeake Bay Watershed Initiative provided essential support to farmers facing federal and state regulations concerning water quality and helped to meet demand for conservation programs. I expect the new Regional Conservation Partnership Program in the 2014 Farm Bill will help farmers in the Chesapeake Bay watershed continue to participate in conservation programs so that they can help the region meet water quality standards. How will the Regional Conservation Partnership Program work in regions like the Chesapeake Bay watershed? How can we continue to encourage greater participation in areas farther away from the Chesapeake Bay itself, such as in the Susquehanna River watershed in Pennsylvania?

Response: The Regional Conservation Partnership Program (RCPP) encourages coordination between NRCS and its conservation partners to deliver conservation assistance to producers and landowners. In the Chesapeake Bay watershed and elsewhere, NRCS provides assistance to producers through partnership agreements and through program contracts or easement agreements. The RCPP allows partners to creatively design integrated projects to achieve solutions that are enduring and locally recognized.

The Chesapeake Bay is one of the eight Regional Conservation Partnership Program (RCPP) Critical Conservation Areas (CCAs) designated by USDA Secretary Tom Vilsack. RCPP projects in CCAs may also be funded out of the program's National or State funding pools. NRCS will determine funding allocations based upon the pre-proposals submitted by partners.

Under the previous Farm Bill, funding from the Chesapeake Bay Watershed Initiative accelerated the delivery of conservation systems in the Pennsylvania portion of the Chesapeake Bay Watershed, providing assistance for over 1,250 contracts to supplement the over 3,300 Environmental Quality Incentive Program contracts that were approved in the watershed. NRCS anticipates that this momentum and demand will continue, and so far this year NRCS has received over 1,600 applications for assistance in the Susquehanna River watershed. In Pennsylvania, as in the majority of the Bay's States, NRCS, in partnership with its conservation stakeholders, has designated conservation priority areas where the greatest need exists to address Chesapeake Bay resource

concerns. This effort will continue to maximize EQIP funds spent within the watershed. Additionally, NRCS is committed to the effort of maintaining 24,800 acres (July 2013) of existing riparian buffers and restoring additional riparian buffer acres, which will continue to reduce nitrogen and phosphorus loadings in the Susquehanna and its tributaries.

Through RCPP, increased participation of conservation partners will result in more extensive outreach and increased conservation throughout the CCAs.

5. The 2014 Farm Bill authorized up to \$80 million per year for a new USDA international food aid local and regional purchase (LRP) program. Expanding LRP of food aid allows for faster and more cost-effective delivery of U.S. food aid in circumstances where food is available closer to the places where food aid is needed. GAO has shown shipping in-kind food aid from the United States took an average of 147 days to be delivered—4.2 times as long as locally procured aid. The same report also showed high cost savings using LRP, stating “food purchased locally was 25 percent less costly than U.S. in-kind food aid, and 34 percent cheaper in sub-Saharan Africa.” The Farm Bill’s statement of manager’s expresses the intent “for this new program to complement existing food aid programs, especially the McGovern-Dole program.” Recognizing the Farm Bill passed in January and it was difficult to change the budget request at such a late date, I note that the Administration’s FY15 budget request did not include any request for this new USDA LRP program.
 - a. Would you explain why USDA did not request any funds for this new LRP account?
 - b. How will USDA use this authorization, and how will the program be changed to complement the emergency food aid programs run by USAID?
 - c. Does the Administration agree that providing an LRP option to complement McGovern-Dole makes sense? If so, how does the Administration propose to address this need since its budget did not request funding for the Farm Bill authorized LRP program?

Response: The Administration appreciates the authorization of a new LRP program in the 2014 Farm Bill. There was no time to consider the LRP program in the FY 2015 budget process as the FY 2015 Budget was delivered to Congress one month after the 2014 Farm Bill was passed by Congress.

The Administration is considering the next steps for the LRP program. Recently, USDA convened two listening sessions, soliciting input from stakeholders on the operation of a new LRP program. The Administration is considering how and where to implement the program. Staff at USDA and USAID will help ensure that local and regional procurement programs are carefully prioritized, not duplicative, and employ best management practices.

The independent evaluation of the pilot LRP program indicates that procuring commodities locally or regionally can reduce the costs and the response time in delivering food aid and also recognizes that there can be benefits of LRP for agricultural production and markets in recipient countries. The Administration will consider the findings of the evaluation and stakeholders' comments, among other issues, during the development of its FY 2016 budget request.

Senator Thad Cochran

1. Mr. Secretary, USDA will need accurate and streamlined farm data to properly implement the new safety net programs in a timely manner. What role will updated software play in aiding the Farm Service Agency complete this task?

Response: FSA has substantially improved the quality and consistency of data within FSA's systems. With the capability provided to date within the MIDAS program, FSA field office staff are able to manage farm management information through a single integrated system, eliminating the need to reenter data in multiple systems. This change speeds multiple processes, reduces input errors, and improves program compliance and integrity. In addition, improved functionality and efficiencies have been achieved through the integration of related work into common business processes utilized by the FSA software that will be delivering these new programs. The availability of these common processes and centralized reliable data will aid in timely and accurate implementation of the new safety net programs.

2. Please provide an update on the MIDAS project and describe how this tool might be used in aiding USDA with implementation.

Response: Following the successful deployment in 2013 of the Farm Records functionality, the MIDAS program is currently in the process of a formal re-baselining exercise. This exercise will confirm the plans, schedule, and budget for the next releases of functionality. Program and Agency leadership is working with the Department OCIO and with OMB to expedite the re-baseline approval process.

3. In recent years, the United States has been attractive to foreign dairy producers relocating from other countries. In fact, some states have been actively working to attract dairies from England, the Netherlands, Ireland and New Zealand with the prospect of lower taxes and land prices. Are these dairy producers and operations eligible for any of the dairy programs developed in the 2014 Farm Bill? Many of these dairies have foreign investors. What requirements must these kinds of operations meet in order to be eligible to participate in the dairy programs?

Response: Foreign persons have to be actively engaged in the dairy operation and an alien lawfully admitted into the U.S. for permanent residence under the Immigration and Nationality Act.

With respect to the Dairy Product Donation Program, dairy products procured by USDA must be of U.S. origin in accordance with 48 CFR 470.103(b). To meet the U.S. origin requirement, products must be grown, processed, and otherwise prepared for sale or distribution exclusively in the United States. Foreign-owned firms operating in the U.S. are not excluded from selling product to USDA under DPDP as long as their products meet the U.S. origin definition. To be eligible to participate, all prospective contractors will have to demonstrate they are responsible in terms of capability, experience, and financial status.

4. The Dairy Product Donation Program was crafted in a manner to provide a generous amount of flexibility for USDA to administer and implement this program when margins fall below \$4.00/cwt. The law does not specify additional qualifications to be applied to dairy products for program eligibility. Does the Administration intend to limit flexibility and narrow the scope of what types of dairy products would be eligible by imposing dietary guideline restrictions, such as restrictions that the product be low-fat, low-calorie, or low-sodium?

Response: The Dietary Guidelines for Americans will be considered in determining the types and quantities of products offered.

5. When did USDA receive its apportionment for FY2014 to implement the conservation provisions in the new Farm Bill? Has USDA received an apportionment for all of the conservation requests submitted? Can you provide a breakdown of funding by program?

Response: Yes, USDA has received the necessary apportionment to implement the conservation provisions of the new Farm Bill.

The following table provides the total authority apportioned, including the carryover authority provided to support enrolled contracts, agreements and/or easements in the transition language for the repealed programs (all amounts in dollars and net of sequester and other reductions):

Program	Apportioned
Agricultural Conservation Easement Program	\$366,304,000
Agricultural Management Assistance Program	6,960,000
Agricultural Water Enhancement Program ^{1/}	9,465,316
Chesapeake Bay Watershed Program ^{2/}	12,663,348
Conservation Reserve Program	67,924,929
Conservation Security Program	124,779,808
Conservation Stewardship Program	1,078,942,000
Environmental Quality Incentives Program	1,350,000,000
Farm and Ranch Lands Protection Program ^{1/}	29,555,248
Grasslands Reserve Program ^{1/}	4,653,778
Healthy Forest Reserve Program ^{3/}	7,048,401
Regional Conservation Partnership Program	95,680,000
Voluntary Public Access Program	40,000,000
Wetlands Reserve Program ^{1/}	207,781,205

Wildlife Habitat Incentive Program ^{1/}	14,235,093
Total	\$3,415,993,126

^{1/} Repealed program; amount shown includes actual obligations in 2014 through February 7, 2014, and carryover authority from 2009-2013 provided by transition language to support enrolled contracts.

^{2/} Repealed program; amount shown is available carryover authority to support enrolled contracts.

^{3/} Mandatory funding not extended; amount shown is available carryover authority.

6. Does USDA intend to announce a general CRP sign-up in FY2014? The 2014 Farm Bill included a number of significant changes to CRP. Which program changes will require USDA to conduct a NEPA analysis? If such analysis is required, how long do you expect that process to take?

Response: CRP continuous sign-up began on June 9, 2014. Under continuous sign-up authority, eligible land can be enrolled in CRP at any time with contracts of up to 10 to 15 years in duration. In lieu of a general sign-up this year, USDA will allow producers with general CRP contracts expiring this September to have the option of a one-year contract extension.

In November 2013, USDA started the process to prepare for Supplemental Environmental Impact Statement on CRP in accordance with the provisions of the National Environmental Policy Act (NEPA) to analyze the potential environmental impacts of implementing these discretionary and non-discretionary provisions of the 2014 Farm Bill. This builds upon the analysis of previous CRP NEPA documents, and will further inform decision makers on how best to target the most environmentally sensitive lands for CRP consistent with the provisions of the 2014 Farm Bill.

In addition to the 2014 Farm Bill changes being analyzed, USDA proposes to implement additional discretionary measures for targeting enrollment of environmentally sensitive lands and to expand the flexibility of emergency haying and grazing in drought designated areas to provide necessary flexibility and support to producers and ranchers during difficult times.

The following provisions are not being immediately implemented until after completion of the NEPA and regulatory process are completed:

- Grasslands eligibility and authorized activities
- Final year of the CRP contract transitioning into the Conservation Stewardship Program (CSP) and the new Agricultural Conservation Easement Program (ACEP)
- New managed harvesting frequencies
- Routine grazing and frequency
- Tree thinning activities

Later this summer USDA will publish a Notice of Availability of the Draft CRP EIS in the Federal Register for public review and comment. As part of that process we will be announcing public meetings where the public can come and provide comments on the various implementation alternatives USDA is evaluating.

7. The 2014 Farm Bill gives USDA the authority to provide a one-time early out for certain CRP contract holders in FY2015. How will FSA identify which contract holders and acres are eligible for the early-out authority? When should producers expect to hear from FSA whether or not they are eligible for early termination? Please specify if USDA will need to issue a separate regulation for this authority or if this will be included as part of the CRP interim rule.

Response: The 2014 Farm Bill requires USDA to offer CRP participants the opportunity for early termination (referred to as “early-outs”) of certain CRP contracts during fiscal year FY 2015, if those contracts have been in effect for at least five years. Not all CRP contracts will be eligible even if those contracts meet the five-year requirement. The 2014 Farm Bill specifies that certain types of land will NOT be eligible. Additional information will be announced in the near future.

8. Section 2005 of the 2014 Farm Bill builds on language in the 2008 Farm Bill that provides authority for incentive payments for tree thinning activities. When does FSA anticipate that this authority will be fully implemented and operational? What outreach will FSA conduct to inform producers of this new opportunity?

Response: Along with several other provisions, the tree thinning provisions will not be implemented until after completion of the NEPA and regulatory process. These processes will have an opportunity for public comment and input. Following completion of the regulatory and NEPA process, USDA will conduct appropriate stakeholder outreach calls and meetings to inform producers about these opportunities.

9. The 2014 Farm Bill made changes to CRP to allow for the enrollment of grasslands. When does USDA plan to start enrolling grassland through CRP?

Response: The grasslands eligibility and authorized activities will not be implemented until after completion of the NEPA and regulatory process.

10. The 2014 Farm Bill merges the Wildlife Habitat Incentives Program (WHIP) into EQIP and provides a funding floor of at least 5 percent of total program funds for wildlife practices. What role will the State Technical Committee play in implementing this provision and will that calculation include only the wildlife practices established through the State Technical Committee consultation process?

Response: The 2014 Farm Bill requires NRCS to consult with relevant State Technical Committees not less than once a year on EQIP conservation practices that are eligible for payment and that support the restoration, development, protection and improvement of wildlife habitat on eligible land. Therefore, State Technical Committees will advise

NRCS State Conservationists on the practices that should be available for payment in the applicable state. The calculation will not be limited to the practices established through the State Technical Committee consultation process but will also include practices that NRCS determines meet the purposes of the Wildlife Habitat Incentive Program provided for in Section 1240B(g)(2) of the farm bill.

11. It has come to my attention that NRCS has incurred a backlog of over \$450 million in estimated restoration costs from prior year enrollments of easements in the Wetlands Conservation Program. How much has NRCS received from OMB to address the restoration cost in FY2014 and how much remains in unobligated funding from prior years? Please provide a detailed explanation of the amount received by OMB for this activity and how NRCS plans to spend the funding for restoration. Additionally, please provide a detailed summary of how NRCS plans to address the restoration costs associated with the wetlands reserve easements the agency cannot address in FY2014. How will sequestration impact prior year funds? Will the Administration commit to ensure that these prior year funds are not redirected to any other program or purpose other than addressing the backlog associated with WRP restoration costs?

Response: The Natural Resources Conservation Service (NRCS) received an apportionment of \$188 million to address the backlog of restoration and closing activities for acreage enrolled in the Wetlands Reserve Program (WRP) in prior years. This is the amount that NRCS requested and anticipates obligating this fiscal year based in part on the restoration target of 280,000 acres across all States. All of these funds remain unobligated at this time.

NRCS has set State acreage targets to complete closing and restoration on existing enrollments. States will receive an allocation of FY 2014 WRP funds for financial and technical assistance to complete closing, restoration, and monitoring activities on prior year enrollments. Each State has flexibility to address this workload through agreements and other mechanisms in addition to the contributions of NRCS staff.

Remaining WRP closing and restoration activities are anticipated to be completed over a three-year time frame. Closing and restoration targets are set for each State annually and are addressed at the state level. States will be able to focus more effort on closing, restoration, and monitoring of prior year enrollments of WRP in FY 2014 due to the reduction in lands able to be enrolled in the Agricultural Conservation Easement Program (ACEP) this year compared to WRP.

USDA will use prior year funds to address the closing and restoration of existing WRP enrollments to the fullest extent possible. It is anticipated that the outstanding work on existing enrollments will consume the entire amount of prior year WRP balances over the next three fiscal years. Once the prior year balances are exhausted, any remaining work on prior year enrollments may require ACEP funds. WRP funds will not be used for any purpose other than addressing the backlog of WRP closing and restoration activity. NRCS does not currently expect these prior year funds to be affected by sequestration.

12. The 2014 Farm Bill requires a partner to contribute a “significant portion” to a project conducted under RCPP. Has USDA defined this term in the past? If yes, please provide a specific reference and describe how it was defined. If no, please explain how USDA is planning to define this term— and, specifically, what criteria will be used to determine what is a “significant portion.”

Response: An eligible partner must provide a “significant portion” of the overall cost of the project. The overall cost includes direct financial assistance to producers, technical assistance, and other in-kind services, such as outreach and education, monitoring, and administrative services.

Although “significant portion” is not defined, priority will be given to those applications that significantly leverage non-NRCS financial and technical resources. NRCS has a goal of leveraging an amount equal to the NRCS investment; therefore, partner applications that meet or exceed the amount requested from NRCS (direct or in-kind) will be the most competitive.

13. The Farm Bill allows for NRCS to enter into alternative funding arrangements for RCPP. How is NRCS implementing this new authority? Is it your intent to solicit for alternative funding arrangements during the pre-proposal process? Please provide any additional information regarding the selection process for alternative funding arrangements.

Response: The RCPP alternative funding arrangement authority enables NRCS to enter into agreements with multistate water resource agencies or authorities to deliver technical assistance and financial assistance. In accordance with the statute, NRCS will only enter into an alternative funding arrangement with a multistate water resource agency or authority if the goals and objectives of the program will be met through the arrangement.

Those receiving alternative funding arrangement responsibility will agree to:

- ensure and certify program eligibility conditions are met by all participants including, Adjusted Gross Income provisions, program payment limitations, conservation compliance requirements, and contract implementation requirements;
- submit an annual independent audit to NRCS that describes the use of funds;
- provide any data necessary to issue a report on the use of funds;
- not use any RCPP funds for administration or to provide for administrative costs through contracts with another entity;
- enter into a Cooperator Agreement to ensure the confidentiality of applicant and participant information; and
- meet any requirements of the NRCS Chief Financial Officer necessitated to ensure the integrity of Federal funds.

NRCS did solicit for alternative funding arrangement proposals in the Announcement for Program Funding. Pre-proposals must include whether and how the proposed project may use alternative funding arrangements. Technical review boards of subject-matter experts will review qualified applications based on the criteria outlined in the Announcement of

Program Funding (solutions, contributions, innovation, and participation). A National review board will evaluate the results from the technical review boards and make recommendations to the Chief of NRCS for pre-proposal and final proposal selections.

14. The Farm Bill includes a broad description of potential entities that would be eligible for partnerships under RCPP. Is USDA currently exploring whether or not other Federal agencies can qualify as a partner for a project under this program? Does USDA have the authority to partner with the Environmental Protection Agency (EPA) under this program? Would RCPP funding be used to fulfill and carry out the primary goals and functions of a program from another agency like the 319 program administered by EPA?

Response: Eligible partnering organizations for RCPP include a wide variety of groups, but not other Federal agencies such as the Environmental Protection Agency (EPA). Eligible partners may, however, consider funds they have received from other Federal sources as part of their contribution to the project, provided they submit a written commitment from the Federal agency confirming that such Federal funds can be used as non-federal matching funds, and that the purpose of those funds are consistent with the purpose of the RCPP project. This option could be available to a partner that is receiving EPA 319 funds and has an approved RCPP project focusing on water quality improvements.

15. Once NRCS has selected the Critical Conservation Areas (CCAs) under the RCPP will the agency also continue work under its existing agency conservation landscape initiatives? If so, can an area designated as a CCA also receive additional assistance under a conservation landscape initiative?

Response: NRCS will continue to offer successful landscape initiatives in areas designated as Critical Conservation Areas (CCAs) under RCPP when landscape initiative areas and CCAs overlap. Although producers in CCA locations will be able to enroll land in either a landscape initiative, if available, or RCPP, NRCS cannot make duplicative payments for the same conservation practices or activities on the same land unit.

16. In March, the Fish and Wildlife Service (FWS) announced the listing of the Lesser Prairie Chicken as a threatened species under the Endangered Species Act. Section 2610 of the Farm Bill requires the Secretary to submit a report within 90 days of enactment on the conservation activities associated with the species that have occurred to date. The deadline to submit the report to Congress was May 8, 2014. When will this report be completed? Recently FSA and the FWS released a biological opinion which provides protection from additional regulation to agricultural producers who voluntarily install conservation practices through the Conservation Reserve Program. What options or protection does an agricultural producer have if a producer wishes to place expiring CRP acreage back into production? NRCS has a similar agreement with the FWS with regard to predictability associated with voluntary conservation practices. What actions relating to the predictability agreement, if any, must NRCS and the FWS take now that the Lesser Prairie Chicken has been officially listed as a threatened species?

Response: The Biological Opinion regarding the lesser prairie chicken provides coverage for current and future CRP participants in the event that adverse impacts affecting the prairie chicken (i.e. a taking) were to occur as a result of implementing the participant's conservation plan in accordance with the Biological Opinion. This includes the action of returning CRP land to cropland after contract expiration within the 85-county lesser prairie chicken area. Such activities would be considered an incidental taking and not a prohibited taking under the Endangered Species Act (ESA). The results of an analysis conducted as part of the development of the FSA biological assessment show that the effect on CRP participants (for example, in terms of waiting to convert land until after the end of the nesting season) is expected to be minimal. Additional guidance, training aids and other pertinent information has started to be provided to FSA county offices in areas affected by the Biological Opinion.

17. The term "agricultural commodity" is defined in Section 1201 of the Food Security Act of 1985 for purposes of sodbuster and swampbuster compliance requirements. How does USDA determine what type of crops fall within that definition? Please provide a list of crops that meet and do not meet the definition of an agricultural commodity. Has USDA conducted any further analysis on the impact of Section 2611 of the 2014 Farm Bill with regard to the number of producers, the total number of acres, and the types of crops that will be affected by attaching conservation compliance requirements with crop insurance?

Response: USDA does not maintain a list of specific crops that meet or do not meet the definition of an agricultural commodity. However, as indicated in the definition, in addition to sugarcane, any crop that is planted and produced by annual tilling of the soil, including by one-trip planters, would be considered an agricultural commodity by USDA for conservation compliance purposes. Any crop that is not planted and produced by annual tilling of the soil would not be considered an agricultural commodity by USDA for conservation compliance purposes. As implementation of Section 2611 has progressed, it is becoming clear that given the nature of the law, its required timing, and its provided exemptions, that very few producers are likely to be initially found in violation of conservation requirements that will lead to loss of premium subsidy. However, it is possible that a significant number of producers could lose premium subsidy for failing to certify compliance with the USDA (failing to fill out a form at a county office). RMA estimates that between 15,000 to 20,000 producers representing five to six million acres currently buy crop insurance, but do not have a matching record with FSA systems (i.e. do not participate in other current farm programs). All of those producers would need to set up the required records with USDA in order to comply with the certification. Although it is unknown how many producers ultimately will meet that requirement, FCIC estimates 95 percent of the insureds will complete a form AD-1026, while the remaining five percent of insureds will not complete a form AD-1026 making them ineligible to receive premium subsidy. USDA has made education and outreach of the requirement a priority.

18. When will growers be provided detailed information regarding the new conservation compliance requirements for crop insurance benefits?

Response: RMA will publish an Interim Rule early this summer incorporating a crop insurance policy provision that outlines the requirements for producers to certify compliance at their local FSA county office, which will follow similar processes and procedures used in complying with other USDA programs. However, RMA's interim rule will not fully implement the changes to conservation compliance. USDA anticipates publishing an Interim Final Rule which will fully detail the new conservation requirements in the early fall of 2014. Beginning this summer, USDA will conduct outreach to ensure that producers are aware of the new requirements.

19. I understand that RMA, FSA and NRCS are meeting regularly to develop a new regulation for conservation compliance. There are a number of conservation compliance issues that USDA previously tried to address, such as pre-1996 wetland determinations, 1-for-1 wetland mitigation, and precipitation data/maps. What, if any, long-standing administrative issues will be addressed in the new regulation? How is USDA approaching the regulation to ensure that 15 years from now producers are not experiencing the same unresolved administrative problems?

Response: Later this fall USDA plans to release an Interim Final Rule containing information related to the 2014 Farm Bill changes in conservation compliance (both wetland and Highly Erodible Land). This action will not address the clarification of administrative issues such as the status of pre-1996 wetland determinations and the use of precipitation data. We are currently considering options for clarifying these issues including publishing a proposed rule with the opportunity for public comment.

20. Section 7101 requires the Secretary to establish an ongoing process through which public colleges or universities may apply for designation as a Non Land Grant College of Agriculture (NLGCA) within 90 days after enactment of the Farm Bill. When will USDA finalize this process and what outreach will be conducted for stakeholders?

Response: NIFA announced the process it is using to designate Non-Land Grant Colleges of Agriculture in the Federal Register on May 22, 2014, (<https://www.federalregister.gov/articles/2014/05/22/2014-11851/process-for-non-land-grant-college-of-agriculture-nlgca-designation>). Colleges and universities began applying on May 22, 2014, via a web-based form. NIFA notified institutions about the upcoming new process at several national meetings, including the Federal Demonstration Partnership (May 12, 2014) and the National Extension and Research Administrative Officers Meeting (April 28, 2014). Plans are being made to hold outreach webinars on this topic in the coming months.

21. The research title includes a new matching requirement for competitively awarded research grants. The matching requirement excludes land grant universities and their "partners" from the dollar for dollar match. Will USDA further define what qualifies as "partnering" with respect to the matching requirement? Should research stakeholders anticipate that "partnering" will be defined to include a monetary threshold? How will USDA treat in-kind donations of laboratory space or equipment in that definition? What

mechanisms or processes will USDA use to verify that applicants are in fact in compliance with this new requirement? Lastly, please describe the process through which the National Agricultural Research, Extension, Education and Economics Advisory Board (NAREEE) will designate “national priority areas” that would exempt an institution or entity from the matching requirement.

Response. NIFA will further define qualifying “partnerships” with respect to the new matching provision in Section 7128. The Agency does anticipate setting a monetary threshold for these partnerships. Contributions that are solely space or equipment are not likely to qualify as “partnerships” with respect to the new matching requirement. NIFA receives grant applications for its competitive programs through Grants.gov. Application packages from excluded entities will clearly identify the type of institution applying, which NIFA will verify prior to making an award under a covered program. For Non-Land Grant Colleges of Agriculture (NLGCA), NIFA will be supplying designated entities with a certification letter that they will be required to attach to applications for programs covered by the new match requirement where they are claiming NLGCA exclusion. Where an applicant is recommended for award under a covered program, and they are not excluded from the matching requirement, NIFA will verify the existence of the required match prior to making an award based on the budget submitted and using NIFA’s existing business processes.

The NAREEE Advisory Board conducts an annual mandated review of the relevancy and adequacy of the research, extension, education and economics programs of USDA. This review will include the annual establishment of national priority areas for the purposes of Section 7128. At the most recent NAREEE Advisory Board meeting held May 5-7, 2014, a Working Group was established to complete this review however a formal process for identifying the national priority areas was not finalized. A meeting of the Executive Committee of the NAREEE Advisory Board will meet on Friday, June 6, 2014, to finalize the timeline and process of the relevancy and adequacy review.

22. I understand that USDA and the National Academy of Sciences (NAS) have solicited nominations to serve on the Board of Directors for the Foundation for Food and Agriculture Research. When will USDA and NAS announce the final selections from their respective lists of candidates?

Response. Currently the Department expects that the Ex Officio members of the Board from USDA and NSF will incorporate early this summer. Nominations, as called for in the statute, have been received from industry and the National Academy of Sciences (NAS), and the Ex Officio members are planning to make announcements relating to the appointment of the Foundation Board in July.

23. Section 8204 provides \$200 million in authorized appropriations for the insect and disease landscape-scale management projects. Should funding not be provided for that specific authority in a given appropriations cycle, does the U.S. Forest Service have the flexibility to use funding from other program accounts to advance and conduct these projects?

Response: Yes, the Forest Service has the ability to use funding from existing programs to implement treatments within designated areas. Designated areas will be further evaluated for developing and implementing projects that reduce the risk or extent of, or increase resilience to insect and disease infestations. Consideration will be given to capacity, existing resources, potential for partnerships, and other ongoing restoration efforts and projects.

24. The Farm Bill includes language to ensure that the Biobased Markets Program is inclusive of forest products – a key economic driver in my home state of Mississippi and others in the Southeast. What is the status of USDA’s implementation of these changes? How will you promote the changes so there is broad inclusion of forest products?

Response: The BioPreferred program is developing criteria by which to evaluate forest products to determine if they apply an innovative approach to growing, harvesting, sourcing, procuring, processing, manufacturing, or application of biobased products regardless of the date of entry into the marketplace. As required by the 2014 Farm Bill, we are developing these criteria in consultation with the USDA Forest Products Laboratory.

USDA plans to revise the Bio Preferred Program Guidelines by final rule in the coming months. This rule will eliminate the current mature market exemption. As a result, USDA will begin accepting product certification (e.g., product label) applications from forest products and evaluating them to establish if such products apply an innovative approach to growing, harvesting, sourcing, procuring, processing, manufacturing, or application of biobased products. In addition, USDA will also begin accepting forest products that meet the above criteria into the Federal procurement preference program in already designated categories. Thus, USDA expects to begin including forest products in both parts of the BioPreferred program this summer.

25. The Farm Bill conference report provides clear direction on the many ways in which forest products are innovative. How does USDA plan to apply the innovative approaches in the BioPreferred preference and labeling program for forest products?

Response: USDA is planning a two-tiered approach to accept forest products as part of the BioPreferred program. In the first phase, by publishing a final rule, USDA will revise the BioPreferred Program Guidelines that originally were promulgated in 2012. This rule will eliminate the current mature market exemption. As a result, USDA will begin accepting product certification (e.g., product label) applications from forest products and evaluating them using the criteria developed in consultation with the Forest Products Laboratory, as required by the 2014 Farm Bill. In addition, USDA will also begin accepting forest products that meet the criteria into the Federal procurement preference program in already designated categories.

In the second phase, USDA will propose and promulgate both a revised labeling rule and revised Program Guidelines that will implement new evaluation criteria by rule. USDA expects to promulgate both rules in 2015. Once the revised Program guidelines are

promulgated, USDA will be able to designate additional categories of biobased products for preferred Federal procurement.

In addition to posting information on the USDA web site on how to apply for participation in the BioPreferred program and to seeking public comment on our approach in proposed rules, USDA will seek opportunities to meet with representatives of the forest products industry in Washington and at national and international gatherings.

26. The pork industry has been hit hard over the past year by a deadly virus, known as Porcine Epidemic Diarrhea Virus (PEDv). Some reports indicate that the virus has already killed over 5 million piglets. As you are aware, losses due to this virus have reduced the forecast for pork production, increased hog prices, and led some of our trading partners to halt U.S. exports of live hogs. Is USDA conducting a thorough investigation on the pathway these viruses have used to enter into the U.S. swine herd? Is USDA conducting research on the viral propagation of the disease and determining the pathogenesis of and ways to control the virus?

Response: Yes, USDA is currently conducting an extensive swine virus import pathways assessment with a goal of identifying potential pathways by which exotic viral pathogens of swine may enter the United States and the likelihood that these pathways may introduce these pathogens to the country.

27. Four weeks ago, USDA announced measures to slow the spread of (PEDv), which has impacted approximately 30 states. The announcement stated that it “will also require tracking movements of pigs, vehicles, and other equipment leaving affected premises.” Does USDA have a strategy to track the movement of hogs from infected herds without putting an undue burden on pork producers nationally?

Response: In response to the significant impact PEDv and other swine enteric coronavirus diseases (SECD) are having on the U.S. pork industry, USDA, under the authority of the Animal Health Protection Act, issued a Federal Order on June 5, 2014, to require disease reporting for herds affected with SECD. The industry is already seeing herds previously impacted by the virus become re-infected, and routine and standard disease reporting will help identify the magnitude of the disease in the United States and can help determine whether additional actions are needed.

The Federal Order also requires affected premises to develop herd management plans – using best practices developed in cooperation with industry and state animal health officials – to address the virus and to prevent its spread. These plans must include additional biosecurity measures that the herd owner can implement without undue impact to the operation. Many pork producers across the country have already stepped up their already stringent biosecurity practices in response to these viruses, and we’re better off because of their doing so. With the disease reported, a reasonable plan for managing it in place, and heightened biosecurity, there will be no additional restrictions placed on the movement of animals or equipment from locations affected by these viruses.

To further assist the effort to combat SECD, USDA also announced \$26.2 million in funding for activities related to these diseases. The \$26.2 million will be used for a variety of activities to support producers and combat these diseases, including:

- \$3.9 million to be used by USDA's Agricultural Research Service (ARS) to support the development of vaccines
- \$2.4 million to cooperative agreement funding for States to support management and control activities
- \$500,000 to herd veterinarians to help with development and monitoring of herd management plans and sample collection
- \$11.1 million in cost-share funding for producers of infected herds to support biosecurity practices.
- \$2.4 million for diagnostic testing
- \$1.5 million to National Animal Health Laboratory Network diagnostic laboratories for genomic sequencing for newly positive herds

Together with industry and our State partners, the steps we will take through the Federal Order will strengthen the response to SECD and help us lessen the impact to producers, which ultimately benefits consumers.

28. In recent weeks, I have heard from several constituents regarding the proposal by the Environmental Protection Agency, the U.S. Army Corps of Engineers, and USDA to expand the extent to which the Clean Water Act can be used to tighten federal control over waterways and result in increased regulation of agriculture, homebuilding and other land-intensive industries. Can you explain USDA's role in this proposed and interim rulemaking process? Were any of the state or regional Natural Resource Conservation Service (NRCS) employees or other regional officials involved in the interagency coordination of the proposal? I am particularly concerned with increased workload and resource demands at NRCS. In the interagency proposal, the NRCS-approved conservation standards are used as threshold for potential regulatory exemptions. Please explain if this additional duty is expected to result in increased workload on a staff that is already stretched thin with farm bill implementation and other conservation responsibilities.

Response: USDA's primary role in U.S. Environmental Protection Agency (EPA) and U.S. Army Corps of Engineers (Army) rulemaking process was in supporting development of the interpretive rule and accompanying memorandum of understanding (MOU). In that role, USDA/NRCS, at the national level, provided technical information related to conservation practices, including identifying a list of conservation practices that could occur in waters of the U.S. and would provide water quality benefits. The MOU outlines roles and responsibilities and how the agencies will collaborate in managing the list of practices that would be considered under the exemption, signaling a continuing interest in creating further flexibility for agriculture.

The resulting interpretive rule clarifies the scope of the normal farming exemption to section 404 Clean Water Act permitting to include conservation activities occurring in

waters of the US that may have previously been subject to permitting requirements. This exemption is treated the same as other long-standing agricultural exemptions under section 404 of the Clean Water Act. Exemptions have no requirement for approval, notification, or inspection prior to installation nor is there a requirement for verification. As a result, USDA/NRCS does not anticipate that the exemption itself would increase workload. As always, our mission is to assist producers to plan and implement good conservation measures, and we may receive additional interest in conservation because the exemption makes it easier to get conservation on the ground.

We do anticipate questions from producers who are interested in the new exemption and USDA/NRCS has collaborated with EPA and Army to ensure that consistent information is available for all of our field offices so that producers receive the correct answers. Additional information products and outreach materials are being developed to assist the public in understanding the exemption.

Senator Mitch McConnell

- 1) As you know, the 2014 Farm Bill included language permitting the cultivation of industrial hemp for pilot programs administered by state commissions of agriculture and for university research in states that have legalized the crop. Consistent with federal and state law, the Commonwealth of Kentucky is now ready to begin importing industrial hemp seed in order to plant the crop and begin pilot programs and university research.

It is my understanding that USDA supports domestic cultivation of industrial hemp as outlined in the Farm Bill. Has your agency communicated with the Department of Justice (DOJ) and the Drug Enforcement Agency (DEA), and/or U.S. Customs and Border Control, regarding a collaborative posture on industrial hemp? If so, please detail this interagency engagement. What progress has been made to identify such a posture and has a process been established on regulating industrial hemp that is acceptable to all interested parties? Is the USDA committed to working with these agencies to help streamline any necessary requirements and to avoid bureaucratic snafus in implementing the 2014 law.

Response. USDA is committed to working with DOJ, DEA and/or CPB in order to streamline the development of agricultural pilot programs for industrial hemp research. There is no interagency agreement to that end, per se. However, in the context of Kentucky Department of Agriculture v. Drug Enforcement Administration et al., counsel for DOJ and USDA have communicated regarding USDA's desire to see pilot programs for industrial hemp research (such as Kentucky's) implemented as quickly as possible. DOJ counsel intends to seek USDA's concurrence prior to filing documents in the case that represent the government's position regarding the interpretation of section 7606.

Senator Pat Roberts

- 1) Does the Risk Management Agency currently have enough yield and production history data to get the new Supplemental Coverage Option (SCO) off the ground and available to all producers and crops quickly? If not, how is the coordination effort with the Farm Service Agency and National Agricultural Statistics Service going and when should producers expect the availability of SCO?

Response: RMA plans to make SCO available starting with the 2015 crop year in select counties for corn, soybeans, wheat, sorghum, cotton, and rice. Area-based coverage has previously been developed for these crops, which simplifies the development and allows for faster implementation.

The counties selected for 2015 will be based on the availability of county yield data from USDA's National Agricultural Statistics Service (NASS), subject to data criteria designed to maximize the availability of SCO while maintaining actuarial soundness and program integrity. These criteria are similar to what is used for area-based insurance programs administered by RMA, with some modification that reflects the specific characteristics of SCO.

For STAX (and SCO cotton) in 2015, RMA will for the first time, use yield data reported to it by insured producers, as well as developing ways of grouping related counties together, to enhance availability of coverage. The methods developed with cotton will then be applied to the other SCO crops to expand coverage to additional counties in 2016.

Also starting in the 2016 crop year, RMA anticipates expanding SCO coverage to more crops. The choice of expansion crops for 2016 will be based on size of the crop, potential likelihood of producers purchasing SCO, whether it was previously eligible for direct payments and the quality of yield data available to allow the development of actuarially sound premium rates and expected yields. Expansion to additional crops (and counties) will continue in subsequent years.

- 2) Producers are facing very complicated decisions as they shift from direct payments to either the new revenue or target price program (Ag Risk Coverage or Price Loss Coverage) with the additional opportunity to update their base and yield figures. At the same time, these decisions will impact their options for crop insurance coverage. When exactly will producers be allowed to start signing up for the new programs, how long will the sign up periods last, and when does USDA plan to announce these dates?

Response: The Farm Service Agency has begun the process of developing regulations to implement the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) program. After the regulations are published this fall and in coordination with the institutions selected to implement section 1614 of Agricultural Act of 2014, FSA will begin the task of educating producers on all aspects of PLC and ARC. In addition to the producer tools supported by section 1614, USDA will utilize both the FSA local offices and extension service to provide educational sessions and information before the ARC/PLC election opportunity begins later this winter.

- 3) Will the Risk Management Agency and the Farm Service Agency have the necessary technology upgrades, software, and training for the new commodity and crop insurance programs to be ready for producer sign ups this fall? Are strides being made to encourage the sharing of data between agencies?

Response: RMA is on schedule to allow the purchase of SCO beginning with the fall planted crop of winter wheat. SCO, STAX, and Whole Farm policies are on schedule to be available for the 2015 crop year. Additionally, RMA led training for Approved Insurance Providers and agents on SCO and STAX is scheduled to take place in June and July. RMA has developed a simple educational tool for producers and agents to demonstrate how SCO and STAX function and assist in decision making. Work continues (system automation and industry/producer outreach) on a number of other programs such as Beginning Farmer/Rancher, Native Sod, and Conservation Compliance that will take effect in the 2015 crop year.

The Farm Service Agency has begun the process of developing regulations to implement ARC and PLC. After the regulations are published and in coordination with the institutions selected to implement section 1614 of Agricultural Act of 2014, FSA will begin the task of educating producers on all aspects of PLC and ARC.

Improving data sharing between RMA and FSA is a priority for this Administration. Prior to enactment of the 2014 Farm Bill, FSA and RMA had already established a project team to analyze the FSA and RMA business models and provide recommendations for changes to facilitate data sharing. Several recommendations from the project team have already been implemented or are in the process of being implemented. RMA and FSA have worked together to share needed data to enhance program analysis, decision making and implementation, and will continue to do so. Discussions are also taking place between leadership of FSA and RMA to formalize and institutionalize necessary data sharing arrangements specific to new programs for future program efficiency and operations. While the producer will see little difference as a result of these initial changes, they are critical for allowing the greater improvements to come that will dramatically affect the producer experience.

- 4) As parts of Kansas enter their fourth year of drought, producers, conservationists, crop insurers, and the entire Kansas Congressional delegation want to be more pro-active in preserving the important Ogallala Aquifer. Currently, the limited irrigation crop insurance coverage is only available to producers in three Kansas counties that currently solely through written agreements as part of a Local Enhanced Management Area. Can you provide a status update for the expansion of the availability of limited irrigation crop insurance coverage beyond these counties?

Response: RMA issued a solicitation for a contract to conduct research and analysis regarding irrigation policy for potential crop insurance program development. This effort involves several phases to be accomplished with task orders issued under a contract awarded to Watts and Associates on January 23, 2013. The first deliverable, received in February 2013, documents and outlines where the current policy and procedure are

adequate or inadequate for handling reduced irrigation practices. The second deliverable, received May 23, 2013, evaluated the feasibility of insuring limited irrigation using a yield reduction model developed by the University of Nebraska – Lincoln (UNL). The results of this deliverable found that the UNL model is not an appropriate vehicle for managing the crop insurance offer when the amount of irrigation water applied is reduced. It was also determined that replicating the UNL model for other states and crops would be time-consuming and costly. As a part of the second deliverable, the contractor provided options for alternative approaches for reduced irrigation.

On September 11, 2013, RMA issued a new task order for the nationwide development of one of the contractor's recommended alternative approaches for addressing reduced irrigation. This alternative approach will seek to develop new parameters for the irrigated practice by examining how production management practices used by producers may still allow them to obtain the approved APH yield. In addition, this task order will also explore the possibility of a limited irrigation break point (may be a separate practice) where, within a range of reduced irrigation, there is a yield reduction which would result in an approved APH yield less than the irrigated practice, but greater than the non-irrigated practice. RMA recently received the first contract deliverable focusing on data collection related to insurance of irrigated crops and recommended policy and procedure modifications to appropriately address changes in the amount of irrigation water applied to irrigated acreage. RMA will be assessing the recommendations to determine key next steps to be taken regarding this initiative.

- 5) In your testimony you mentioned the good work USDA has done to expand market access for American agriculture products abroad, but there is still more work to be done. Those of us from farm states have been clear that the goal for the Trans-Pacific Partnership should be the elimination of tariff and non-tariff trade barriers. Does the Administration still share that goal for agricultural products, especially beef, pork, wheat and other sensitive products for Japan?

Response: The negotiations with Japan have been extremely difficult. In the weeks leading up to the President's recent Asia trip, USDA and USTR engaged in intensive negotiations with Japan to address agricultural market access issues. The President's recent visit to Tokyo gave new impetus to our discussions. In Tokyo, we moved the negotiations to a stage where we believe we have a pathway forward for addressing sensitive products, and we have had continuing negotiations with Japan since then. We are looking to Japan, like all TPP partners, to provide comprehensive and meaningful access to its agriculture market consistent with the level of ambition that the TPP partners agreed to when joining the TPP negotiations. Our objective remains to secure a TPP agreement that covers all products and results in meaningful market access for U.S. agricultural exports. We will continue to engage the Japanese bilaterally as we work to achieve this objective.

