

# AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2022

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## HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED SEVENTEENTH CONGRESS FIRST SESSION

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SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND  
DRUG ADMINISTRATION, AND RELATED AGENCIES

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### PART 2

	Page
<b>USDA Office of the Inspector General .....</b>	<b>1</b>
<b>Food and Drug Administration—Foreign Drug</b>	
<b>Inspections Program .....</b>	<b>97</b>
<b>The Rural Economy .....</b>	<b>167</b>
<b>U.S. Department of Agriculture—The Year Ahead .....</b>	<b>207</b>
<b>Food, Nutrition, and Consumer Services .....</b>	<b>291</b>
<b>USDA Rural Development Mission Area .....</b>	<b>333</b>
<b>USDA Research, Education and Economics Mission</b>	
<b>Area .....</b>	<b>385</b>
<b>Members' Day .....</b>	<b>429</b>

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**AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RE-  
LATED AGENCIES APPROPRIATIONS FOR  
2022**

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THURSDAY, FEBRUARY 25, 2021.

**OVERSIGHT HEARING: OFFICE OF INSPECTOR  
GENERAL, U.S. DEPARTMENT OF AGRICULTURE**

**WITNESSES**

**PHYLLIS FONG, INSPECTOR GENERAL, USDA OFFICE OF INSPECTOR  
GENERAL**

**ANN COFFEY, DEPUTY INSPECTOR GENERAL, USDA, OFFICE OF THE  
INSPECTOR GENERAL**

**GIL HARDEN, ASSISTANT INSPECTOR GENERAL FOR AUDIT, USDA, OF-  
FICE OF THE INSPECTOR GENERAL**

**JENNY RONE, ASSISTANT INSPECTOR GENERAL FOR ANALYTICS AND  
INNOVATION, USDA, OFFICE OF THE INSPECTOR GENERAL**

Mr. BISHOP. Good morning. This hearing of the Agriculture, Rural Development, Food and Drug Administration Subcommittee on Appropriations will come to order.

As this hearing is fully virtual, we must address a few house-keeping matters first. For today's hearing, the chair or staff designated by the chair may mute participants' microphones when they are not under recognition for the purposes of eliminating inadvertent background noise. Members are responsible for muting and unmuting themselves. If I notice that you have not unmuted yourself, I will ask you if you would like the staff to unmute you. If you indicate approval by nodding, staff will unmute your microphone.

I remind all members and witnesses that the 5-minute clock still applies. If there is a technology issue, we will move to the next member in order until the issue is resolved, and you will retain the balance of your time.

You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn yellow. At 30 seconds remaining, I will gently tap the gavel to remind members that their time has almost expired. When your time has expired, the clock will turn red, and I will begin to recognize the next member.

In terms of speaking order, we will begin with the chairman and ranking member, then alternating between majority and minority with members present at the time the hearing starts in the order of seniority. After that, members not present at the time the hear-

ing starts are to be recognized in the order that they join the meeting.

Finally, House rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing at any of our hearings or markups. That email address has been provided in advance to your staff. Last reminder, please ensure that your video is turned on at this time.

Well, I would like to welcome everyone to today's hearing, which is our first in the 117th Congress. And before we get underway, I would like to welcome our returning members, including our ranking member, Jeff Fortenberry. Mr. Fortenberry and I have worked together very collaboratively and cooperatively and collegially. And I expect that that will continue during the 117th Congress.

We like to welcome our new members, Representative Lauren Underwood, Representative Debbie Wasserman Schultz, and Representative Grace Meng. On the Republican side, Representative David Valadao is joining the subcommittee, and Representative Dan Newhouse is joining us for the first time. Each bring a unique experience to the subcommittee, and we are very happy to have you on board.

Lastly, I would like to welcome our witnesses, Ms. Fong, Ms. Coffey, Mr. Harden and Ms. Rone, from the USDA's Office of Inspector General. Thank you so kindly for appearing before us today.

As is typical with a new administration, the budget will be delayed for another month or so. Therefore, this hearing is not about the fiscal year 2022 budget but about Office of Inspector General's oversight of a wide-ranging department that touches the lives of every American. I have always been a big supporter of your office and your mission to promote economy, efficiency, and integrity in USDA programs and operations. Your work, through audits, investigations, and reviews, helps protect the taxpayers' interests while improving the Department's effectiveness and efficiency.

Also, I want to express my appreciation for Ms. Fong's service as USDA's inspector general for over 18 years. Your tenure spans multiple administrations, including Secretary Vilsack's first term at the Department. So, today, I would like to hear more about your plans to conduct adequate oversight of USDA programs and the challenges you face in ensuring agreed-upon recommendations are implemented and complaints are appropriately addressed. I look forward to discussing that with you as well as other important issues. And I want to say again that we appreciate you and all of the OIG staff for all that you do.

Now, let me ask our distinguished ranking member, my friend and colleague, Mr. Fortenberry, if he has any opening remarks. And I would like to recognize him at this time, if he does, which I assume that he will.

Mr. FORTENBERRY. Well, you know me, Mr. Chairman. Yes, I have some opening remarks.

First of all, I want to thank you for your leadership, sir. I do appreciate our friendship and our ability to think critically together and to collaborate and, when we have difficulties, to try to find a constructive outcome. Thank you so much again for your leadership and for calling this important committee hearing.



Good morning, Ms. Fong. It is nice to sort of see you again, even though we can't gather in a normal hearing room. I would like to thank you, as the chairman did, for your work and being with us today. We admire—we do admire the critical work that your agency is performing. Conducting audits and studies and investigations is a challenge in a normal year, but your efforts during the pandemic have presented you with even more challenges. But, despite this, your testimony does indicate that you have been quite busy, and, for that, we are grateful.

The deft, efficient delivery of USDA programs is critical to America's health, livelihood, food security, not only here but for hundreds of millions of people around the world, feeding programs as well for the elderly and children, safe meat and poultry products at our dinner tables, and conservation of farm lands and forests, as well as the important support of programs, stabilization programs for our farmers and ranchers. We depend upon your agency to provide us with that scorecard every year as to whether USDA is effectively implementing the various programs as designed by law.

So, today, I would like to hear from you about whether we are making real progress in reducing the size and scope of any incidents of monetary abuse. Second, I would like to explore the process by which you review and audit the 29 agencies and their respective programs. I will ask you to step back and take a look at how USDA leadership is responding to your findings, both good and bad.

I also want to discuss a number of other issues, some of which were raised in your testimony, one in particular your recent scientific research and integrity review evaluation stating that USDA does not currently have a comprehensive inventory of its research studies and findings. This is a very important issue to the chairman and I, as we have both agreed on a new blue ribbon commission that USDA will shepherd to take a look at land-grant institutions and historically Black colleges as to how we can better collaborate on the funds that are out there.

So I will stop there for now, Mr. Chairman, and use the rest of my time during questions. Thank you.

VOICE. Mr. Chairman, you need to unmute, please.

Mr. BISHOP. Thank you. I don't believe that the chair of the full committee, Ms. DeLauro is on the line. If she is, I would recognize her at this time for any comments that she would like to make.

I don't believe she is in attendance, and I would offer the same to the full committee ranking member, Ms. Granger, if she is on the line.

Apparently, they are both very, very busy at the moment. We will allow them to have remarks, should they come into the meeting a little later.

Now, Ms. Fong, without objection, your entire written testimony will be included in the record. I will recognize you now for your statement, and then we will proceed with questions. We ask that you summarize your statement or you may give the entire statement. It is completely up to you. Of course, a summary would allow for more time for questions from members.

At this time, I am delighted to welcome Ms. Fong. And I will allow you to introduce your cohorts from the IG's office.

Ms. Fong, the floor is yours.

Ms. FONG. Thank you very much, Mr. Chairman and Ranking Member Fortenberry and all of the members of this subcommittee. We really appreciate the very warm welcome that you are giving us today and a chance to talk about our activities and our oversight of USDA.

With me today is Ann Coffey, our deputy inspector general, who is also going to be the go-to witness for any investigative questions you might have. We have Gil Harden, our assistant IG for audit. He is a very familiar witness before this committee and is an expert on audit and inspection activities in our office. And, of course, we have Jenny Rone, who is the newest member of our mission team. She is the assistant IG for analytics and oversight. And in that role, she is responsible for coming up with and innovating new ways for us to use data, data analytics, and data science in our work to target the most high-risk areas for oversight. So I think you will enjoy their testimony.

So I want to just start out by thanking the subcommittee for your ongoing interest in our work and your support through the funding you have given us in the appropriations process, as well as for pandemic oversight. We really appreciate the dialogue that we have with your committee.

As you mentioned, this past year has been a challenging one for all with the advent of the COVID-19 pandemic. This is our first virtual hearing as well. So there is a lot of new initiatives and techniques that we have had to master to get our work done over the past year. We have spent a lot of thought keeping our staff safe and healthy in this environment while still carrying out our mission in a maximum telework environment, and that has I think really been successful. I am extremely proud of all of the OIG staff who have exhibited high professionalism, dedication, and morale and, as you mentioned, have produced outstanding work over the last year. We issued 44 audit reports, obtained 345 criminal convictions, and reported over \$360 million in dollar results last year alone. So kudos to everyone involved in that.

The pandemic has also brought challenges to our office beyond finding new ways to accomplish our mission. As you know, USDA has received over \$61 billion for pandemic response activities to address urgent needs for nutrition, farm programs, rural development, and other matters. And with those new funds for programs comes the need for oversight to ensure that those programs are serving those for whom they are intended and that fraud is addressed quickly.

So one of our priorities moving into fiscal year 2020, moving to fiscal year 2021, has been to quickly analyze these new initiatives, develop our oversight approach, engage USDA managers to focus on internal controls in their programs, address the hotline complaints we are receiving in these areas, and initiate our own audits and inspections of various program activities.

My written statement highlights a number of products that we have already issued, as well as the COVID Procurement Dashboard that our staff has developed for public use, as well as any stake-

holder, which will give people an insight into the COVID procurements that USDA has executed.

In addition, we have a number of ongoing reviews in such programs, such pandemic programs as the Farmers to Families Food Box Program, the Coronavirus Food Assistance Program, the Food Safety and Inspection Service's pandemic response at slaughter and processing establishments, the Emergency Food Assistance Program, the SNAP online purchasing program, and RD's Business and Industry Guaranteed Loan Program. As you can see, we have a full portfolio of work in this area.

We have also initiated, of interest I think to all of us, the pulse survey of FSIS inspectors to obtain information on their perceptions about safety conditions in their work environment. We released the survey this week to the FSIS workforce, and responses are starting to come in. In all of these areas, we anticipate completing these projects in calendar year 2021. So we have a full menu of work ahead of us.

Of course, in addition to pandemic response, we continue to perform oversight of our full portfolio of USDA programs and activities, as detailed in my written statement. I do want to just mention that we also do our annual mandatory work of USDA's financial statements, information technology security, and improper payments. And in these areas, while we are seeing some improvement, progress is slow. We believe that additional management attention is needed to move USDA into an effective compliance position in these essential areas. We look forward to working with newly confirmed Secretary Vilsack and his team on these issues and all of the other issues facing the Department.

So, in closing, I want to thank you and the subcommittee and ask for your continuing support as we move through the appropriation process in fiscal year 2022. And we look forward to addressing your questions and engaging in dialogue with you today about the issues on your mind. Thank you.

[The information follows:]

For release only by the  
House Committee  
on Appropriations

**Statement by  
Phyllis K. Fong  
USDA Inspector General  
Submitted to the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies  
Committee on Appropriations, U.S. House of Representatives**

**Introduction**

Good morning, Chairman Bishop, Ranking Member Fortenberry, and Members of the Subcommittee. Thank you for the opportunity to testify about the Office of Inspector General's (OIG) fiscal year (FY) 2020 oversight results and our plans for FY 2021. As you know, OIG's mission is to promote economy, efficiency, effectiveness, and integrity in the delivery of the U.S. Department of Agriculture's (USDA) programs; we conduct audits, inspections, data analytics, and reviews and make recommendations to help improve how USDA's programs operate in order to execute this mission. We also conduct investigations of individuals and entities suspected of engaging in criminal, civil, and/or administrative wrongdoing involving USDA programs and operations. My statement will address OIG's work regarding oversight of USDA's \$150 billion in annual appropriations and \$61 billion for pandemic response activities.

At the outset, I want to acknowledge that we are operating in a much different environment than when I testified in February 2020. OIG implemented maximum telework in March 2020 due to the coronavirus disease 2019 (COVID-19) pandemic. As with other Federal agencies, this new approach to our work has challenged us to be flexible, implement new technologies, and find innovative ways to accomplish our mission. Our FY 2020 results demonstrate that OIG has adapted well.

In FY 2020, our oversight work resulted in monetary results totaling over \$360 million. We published 44 final audit reports and made 196 recommendations to strengthen and improve USDA programs and operations. Overall, our audit work during this period has identified \$213.4 million in questioned costs and funds that could be put to better use. Our investigative work during the same period led to 345 convictions, with monetary results totaling approximately \$146.7 million.

Our data analytics initiatives empower OIG to leverage data and information proactively in order to promote efficiency and effectiveness and modernize the way OIG does business and conducts its oversight and operations. In FY 2020, our analytics and innovation staff participated in a total of 45 audits and investigations.

### COVID-19 Oversight

In response to the COVID-19 pandemic, Congress has enacted three public laws to date: the Families First Coronavirus Response Act, the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021. The first two laws provided more than \$47.7 billion to USDA for pandemic relief activities, and the third law provided more than \$13.3 billion in additional funding. To provide oversight of USDA funding received in the CARES Act, OIG received \$750,000, almost all of which was expended by the start of calendar year 2021. As we address our oversight portfolio of both ongoing USDA programs as well as new pandemic response initiatives, our approach is to rely on the best available data to conduct risk assessments of USDA programs and activities to prioritize our resources.

In FY 2020, one of our initial COVID-19 projects was to identify whether recommendations from previous audits could affect internal controls over COVID-19 funding activities for USDA agencies. We identified recommendations for the Food and Nutrition Service (FNS) and Forest Service (FS), and we issued a separate memorandum to each agency that highlighted ways to protect the integrity of COVID-19 funding with respect to these prior recommendations.

OIG also issued two COVID-19 related reports. One report identified the funding streams USDA used to respond to the COVID-19 pandemic as of May 31, 2020. Specifically, we identified the programs, appropriations, and any other funding streams used; we also identified key controls and mechanisms, including applicable information technology (IT) systems for the identified programs. The other report provided OIG comments on the Wildland Fire Response Plans that were developed in order to more safely and effectively combat wildland fires during the COVID-19 pandemic. In reviewing the plans, we considered guidance issued by various health organizations, including the Centers for Disease Control and Prevention, the Occupational Safety and Health Administration, and the World Health Organization. We also considered publicly available information from both the USDA Reopening Playbook and the USDA COVID-19 Playbook to determine if fundamentals prescribed in the guidance would enhance the protocols for wildfire response during the COVID-19 pandemic.

Early in FY 2021, to enhance transparency related to USDA COVID-19 related procurements, OIG published a publicly available dashboard on its website. The dashboard, which is geocoded, allows stakeholders to interact with USDA's COVID-19 related procurement actions.

We continue to receive complaints and referrals related to allegations associated with COVID-19 pandemic relief from the public, USDA employees, and agencies. Assessment of these allegations is a

top priority. In coordination with our data analysts, as well as USDA program experts, OIG's investigators are pursuing the identification of various fraud schemes associated with the Coronavirus Food Assistance Program (CFAP), which provides assistance to certain agricultural producers whose operations were directly impacted by the pandemic.

We anticipate completing a number of COVID-19 related projects in FY 2021. One ongoing project is an inspection of the Farmers to Families Food Box Program administration. We also expect to conclude a review that will examine whether the Farm Service Agency (FSA) provided timely and accurate CFAP direct payments to eligible recipients. In addition, we have inspections in process regarding nutrition and food assistance, food safety at inspected establishments, and modifications of business loans in response to the pandemic. We are also conducting a pulse survey to obtain information about how the Food Safety and Inspection Service's (FSIS) frontline inspectors perceive COVID-19 safety conditions in their work environments.

Finally, OIG is also working with the larger Federal oversight community as an active member of the Pandemic Response Accountability Committee, established by the CARES Act, which promotes transparency and coordinated oversight of COVID-19 spending across the Federal Government.

#### **Strategic Goal 1—Safety, Security, and Public Health**

OIG's first goal is to help strengthen USDA's ability to protect public health and safety and to secure agricultural and Department resources.

##### *Public Health*

As part of this goal, OIG works to ensure the safety and integrity of the U.S. food supply. A recent investigation revealed that two meat processing plant executives conducted after-hours processing of more than 770,000 pounds of non-inspected ground beef. The executives used meat that had been shipped to various prisons and returned because it arrived unfrozen; they then added unauthorized animal parts, repackaged the adulterated beef without the knowledge and approval of FSIS, and shipped it to multiple Federal Bureau of Prison facilities throughout the United States. As a result of the shipments, the Department of Justice paid the meat processing plant \$1 million for the misbranded product. One of the executives was sentenced to 46 months in prison and 36 months of supervised release, and the other executive was sentenced to 42 months in prison and 12 months of supervised release.

OIG also works to mitigate critical challenges in animal health. As such, we reviewed the Animal and Plant Health Inspection Service's (APHIS) oversight of the National Veterinary Stockpile (NVS).

Homeland Security Presidential Directive-9 established the NVS to contain sufficient quantities of animal vaccine, antiviral, or therapeutic products to appropriately respond to the most damaging animal diseases affecting human health and the economy. Our review concluded that APHIS' Veterinary Services (VS) did not adequately oversee NVS supply and equipment inventory levels and did not determine whether States and vaccine manufacturers implemented recommendations from NVS exercises designed to validate preparedness. In addition, VS officials were unaware if participants in exercises designed to validate emergency preparedness had improved their ability to respond to an animal disease outbreak. These issues, if not mitigated, could impact the response to an animal disease outbreak due to supply shortages or inoperable equipment. APHIS concurred with our findings and recommendations.

#### *Security*

In order to help the Department secure its assets and best achieve its mission, we performed an audit of four mission areas within USDA to provide an assessment of the management and security of the Department's IT resources as they pertain to access management and logging controls. Following our review, we found that the Department did not fully implement Federally mandated controls. The Office of the Chief Information Officer (OCIO) concurred with our findings, and we continue to work to reach agreement on the outstanding recommendations.

Furthermore, as required by the Federal Information Security Modernization Act, OIG conducted its FY 2020 review of USDA's ongoing efforts to improve its IT security programs and practices. We also reviewed corrective actions taken by OCIO to implement OIG's prior audit recommendations. We found that USDA continues to take positive steps to improve its IT security posture, but many longstanding weaknesses remain. The Office of Management and Budget (OMB) establishes standards for an effective level of security and considers "Managed and Measurable" as a sufficient level. However, we found the Department's maturity level to be at the lower "Consistently Implemented" level. Based on OMB's criteria, the Department's overall score indicates an ineffective security level. OCIO generally concurred with the findings and recommendations in the report.

#### *Animal Fighting*

OIG also conducts investigations into allegations of animal fighting. In a recently concluded investigation, four individuals were sentenced to prison terms ranging from 8 to 18 months and 36 months each of supervised release for their respective involvement in an enterprise to buy, sell, transport, and possess dogs intended to participate in dogfights. Operating from locations in Tennessee and Florida, they transported the dogs to and from both States. They also purchased at least one dog in Alabama. In

addition to buying and selling dogs, the individuals assessed and trained them for participation in dogfights. One of the individuals, who was not a licensed or trained veterinarian, performed unlicensed surgical procedures on dogs injured in dogfights.

#### *Future Work*

We plan to complete work on USDA's IT incident response. This review will examine whether USDA followed Federal and Departmental incident response guidance. Another audit underway is evaluating APHIS' controls to ensure breeder compliance with the Animal Welfare Act and is following up on actions taken in response to a previous audit.

#### **Strategic Goal 2—Integrity of Benefits**

Our second strategic goal is to strengthen USDA's ability to deliver programs with integrity and effectiveness.

#### *Disaster Assistance*

One disaster assistance program administered by FSA, the Wildfires and Hurricane Indemnity Program (WHIP), was established to provide payments to eligible producers to offset losses from hurricanes and wildfires that occurred in the 2017 calendar year. In a recent review, we found that more than 1,160 producers were placed on registers, which allowed applicants to have their applications processed after the eligibility deadline, and more than 1,650 producers' applications were initiated in a quasi-register without documented approval to do so. As a result, FSA issued more than \$103 million in WHIP payments to producers in Florida and Georgia who did not submit signed applications by the designated deadline. We also identified issues on 39 out of 73 sampled applications due to inadequate guidance and oversight that resulted in more than \$8 million in improper payments in Florida and Georgia. During our review, FSA concurred with our findings and most of our recommendations, and we continue working to obtain agreement on the outstanding recommendations.

We also conducted a recent review of the Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP). Through this program, FSA provides financial assistance to eligible producers in the event of losses due to disease, certain adverse weather events, or other loss conditions. Our audit focused on honeybee producers' applications and payments, since they represented more than 79 percent of all ELAP commodity payments for program year 2017. We found miscalculations in ELAP payments, payments issued to ineligible producers, and a lack of oversight. In total, we questioned costs of more than \$10.1 million. FSA concurred with our findings and recommendations.



### *Trade Mitigation*

In July 2018 and May 2019, the Secretary of Agriculture announced a trade mitigation package that authorized up to \$12 billion and \$16 billion, respectively, in assistance to producers in response to trade damage from retaliatory tariffs imposed by foreign nations. To implement the trade mitigation packages, USDA authorized FSA to distribute up to \$25.1 billion in trade mitigation package funding through the Market Facilitation Program (MFP). In response to a Congressional request, we are currently reviewing the MFP and issued an interim report in September 2020 that addressed the collection of demographic data. We found that the manner in which FSA collected demographic information for programs it administers, including MFP, did not always follow USDA policy. Departmental regulation prohibits the collection of race, ethnicity, and gender data based on a visual assessment, yet FSA county office employees assigned race, ethnicity, and/or gender to producers through such means. This data collection occurred because FSA's policy and customer data management system continued to require entry of the data after the Departmental regulation was implemented. As a result, the system contains race, ethnicity, and gender data not provided by producers. In addition, FSA shared the data with third parties, even though the data may not accurately represent demographic information for more than 530,000 producers within the agency's programs. FSA concurred with our finding and recommendations.

### *Food Assistance*

A significant portion of OIG's investigative resources is dedicated to ensuring the integrity of the Supplemental Nutrition Assistance Program (SNAP) by combating the practice of exchanging benefits for currency or other ineligible items. One such case was completed when the fifth of five store employees was sentenced to 12 months and 1 day in prison and 36 months of supervised release. The employee also was ordered to pay restitution of more than \$1.5 million (jointly and severally with three other employees of the same store who were sentenced previously). OIG initiated the investigation in order to determine if the storeowner or employees of a convenience store exchanged SNAP benefits for cash. The investigation determined that five store employees exchanged SNAP benefits for cash and other ineligible items such as drug paraphernalia, cigarettes, and hardware for SNAP benefits valued at more than \$1.5 million. The charges against one employee were dismissed and four employees separately pled guilty to charges of conspiracy to commit SNAP fraud and/or SNAP fraud. Three of the employees were previously sentenced to a combined total of 93 months in prison and 96 months of supervised release.

#### *Advanced Biofuel Payment Program*

In another recent investigation, a Pennsylvania businessman was sentenced to 84 months in prison and 36 months of supervised release. He also was ordered to pay more than \$10.2 million in total restitution. This investigation was initiated after information was provided to law enforcement that the individual's company was inflating biofuel production numbers related to the Advanced Biofuel Payment Program for payments that Rural Development provided as an incentive to produce biofuel. Payments received were based on the number of gallons of biofuel the company reported it produced for the 2010 and 2011 production years. On November 17, 2020, a second individual, who was a co-conspirator and had previously pled guilty, was sentenced to 12 months and 1 day in prison and 36 months of supervised release. He also was ordered to pay more than \$10.2 million in total restitution jointly and severally with the Pennsylvania businessman, as detailed above.

#### *Future Work*

In our continuing work to provide oversight for disaster-related programs, OIG anticipates completing its review of the Florida Citrus Block Grant Program. In addition, we are reviewing two USDA grant programs. One review focuses on whether the Foreign Agriculture Service's grant selection process complied with the agricultural trade promotion program requirements. Another review is evaluating the Office of Partnership and Public Engagement's policies, procedures, and internal controls related to its program for outreach and assistance to socially disadvantaged farmers and ranchers, and veteran farmers and ranchers.

We are also continuing work to refine a Procurement Risk Scorecard prototype. The scorecard allows OIG to explore anomalies and trends that may be a result of fraudulent activity or internal control weaknesses.

#### **Strategic Goal 3—Management Improvement Initiatives**

Our third strategic goal is to strengthen USDA's ability to achieve results-oriented performance. By conducting audits and investigations focused on areas such as financial management, IT, procurement, and employee integrity, we help USDA better manage its assets.

#### *Scientific Research and Integrity*

In response to Congressional requests, OIG reviewed USDA'S Research, Education, and Economics (REE) mission area to assess whether changes in policy and/or processes impacted the publication of scientific reports and other documents/communications and to analyze the impact of any changes in

resources, staff, and staff experience levels on the publication of research results. OIG did not identify an instance where any change in policies and/or processes impacted the publication of USDA research results during FYs 2017–2019. Further, OIG could not determine the full impact of changes in resources, staff, or staff skills. This occurred because REE cannot accurately and timely identify or count the number of scientific publications it issued relevant to its stakeholders or across all REE agencies. REE agreed with OIG’s recommendation.

#### *Improper Payments*

OIG found that USDA continued to report noncompliance with improper payment requirements as set forth by the Improper Payments Information Act of 2002, as amended. USDA reported mandatory improper payment information for 12 high-risk programs for FY 2019. We found that 5 of the 12 high-risk programs did not comply with one or both of the following requirements: meeting annual reduction targets or reporting gross improper payment rates of less than 10 percent. This occurred because the programs’ corrective actions have not yielded the desired results, and staff did not follow some programs’ policies and procedures. For the high-priority programs, we noted no issues in our evaluation of USDA’s reported actions to prevent and recover improper payments and the quality of improper payment estimates and methodologies used. We also found that USDA maintained the quality of its high-dollar overpayments reports for FY 2019. Specifically, we noted no critical declines in the accuracy, completeness, or timeliness of the Department’s reporting. The Department generally agreed with our findings and recommendations.

#### *Summer Food*

In September 2020, OIG issued a report that consolidated the relevant results and common control issues identified in six OIG Summer Food Service Program (SFSP) audits at FNS and four States. SFSP, run by FNS, provides free meals to children in needy areas when school is not in session. SFSP is a Federally funded, State agency-administered program, and FNS is responsible for State oversight. We determined that additional controls were needed to enhance SFSP efficiency and effectiveness. Specifically, we found FNS could strengthen State instructions on how to assess applicants’ eligibility and program compliance in two areas: financial capability and approval of sites in near proximity. We also found that FNS’ State SFSP monitoring requirements did not include sufficient guidance for State agencies to ensure the accuracy of sponsor program payments. FNS agreed with our findings and most of our recommendations, and we continue to work to reach agreement on the outstanding recommendations.

*Modernization of Swine Slaughter Inspection*

In response to a Congressional request, OIG reviewed the FSIS' rulemaking process for the proposed rule on the modernization of swine slaughter inspection as it related to worker safety analysis. Based on our inspection, we concluded that FSIS generally complied with the public participation requirements under Executive Order 13563 and, to the extent required, communicated to the Occupational Safety and Health Administration and the National Institute for Occupational Safety and Health about the impact of the proposed rule. However, we found that FSIS did not fully disclose its data sources in its worker safety analysis, did not fully adhere to the USDA Information Quality Activities Guidelines data presentation and transparency requirements in the worker safety analysis section in the proposed rule, and did not take adequate steps to determine whether the worker safety data it used for the proposed rule were reliable. FSIS provided its response to our findings and we reached agreement on how to address the report's recommendations.

*Employee Misconduct*

As part of this goal, OIG investigates allegations related to employee integrity. One such investigation resulted in a former Forest Service (FS) employee being sentenced to 12 months in prison and 36 months of supervised release. The employee was removed from Federal service prior to sentencing.

OIG initiated this investigation based on a referral from FS Law Enforcement and Investigations, which reported that an individual disclosed that an FS employee stole tools, dental equipment, and Novocain from a job corps center in Oregon. Stolen Government property was seized from the FS employee's residence as well as from his mother's residence.

In another investigation, a former director with FS' Office of Acquisition Management agreed to pay the United States \$20,000 to resolve allegations of violations of ethical restrictions on former officers, employees, and selected officials of the executive and legislative branches of the United States. Under ethics statutes, and as source selection authority, the former employee was subject to a lifetime ban after separating from Government service from being personally and substantially involved with the company that was awarded the contract. During the course of the investigation, OIG learned that the former FS official was hired in 2012 as the Chief Executive Officer of the company awarded the contract. Further, OIG found that the official negotiated with FS to provide additional equipment and air tanker services paid out of funds allocated under the contract.

*Future Work*

At present, OIG is evaluating the Office of the Assistant Secretary for Civil Rights' oversight of the civil rights complaints process. In addition, as mandated by Congress, OIG will review FY 2021 financial statements for USDA and its component agencies, to express opinions about the fair presentation of those statements, determine if the internal control objectives of financial reporting were met, and evaluate whether all material and applicable laws and regulations were complied with.

**Conclusion**

In closing, we would like to thank the Subcommittee for your continued interest in our work. Your support has enabled us to carry out our mission of strengthening USDA's programs and operations in support of the American public.

For FYs 2016–2020, OIG's appropriations totaled approximately \$488.5 million. During this period, the potential dollar impact of OIG's audits and investigations was \$4 billion, resulting in cost savings and recoveries of \$8.19 for every dollar invested. During this same period, OIG made 1,103 audit recommendations to improve USDA programs. Furthermore, OIG investigations resulted in 2,476 successful convictions in that same 5-year period.

We appreciate your support in continuing to provide the funding necessary to perform effective oversight and make recommendations to Congress and USDA decision-makers to improve program effectiveness.

This concludes my testimony. I would be pleased to answer any questions you may have.

Mr. BISHOP. Thank you very much, Ms. Fong.

We will now proceed with questions. As I mentioned earlier, we will begin with the chair and ranking member, then alternating majority and minority with members present at the time of the hearing start, in order of seniority. Following that, I will recognize members who were not present at the time the hearing was called to order. Each member will have 5 minutes in each round. So please be mindful of your time.

I now recognize myself for questions. Ms. Fong, as I mentioned in my opening statement, you have been USDA's inspector general for almost two decades. Your time there spans over five Secretaries, including Secretary Tom Vilsack from 2009 to 2017. A lot has changed since then, some due to progress and some due to new challenges.

In 2009, your office identified 10 management challenges for USDA which are vulnerabilities that can affect USDA's ability to achieve its mission. By 2017, three of those challenges remained on the list and four new ones were added. From your 2020 report, it does not look like a lot of progress has been made over the last 4 years. Why were those areas not resolved by the previous administration?

Ms. FONG. That is an excellent question. By their nature, the management challenges that we have identified facing USDA are very broad challenges. And by their nature, they require concentrated attention to address and resolve. And as you probably know, some challenges that have been on our list have dropped off, and then sometimes they reappear again because situations change. I think, you know, as we were discussing earlier today that what I would suggest is that in the areas particularly of financial management, improper payments, and IT security that, while there has been progress and every administration has moved the ball forward, there are always new challenges that crop up. And it really requires continued work and attention to get USDA into an effective posture. And that is something that we are deeply committed to working with the Department on every year.

Mr. BISHOP. Thank you. Last year, we talked about USDA's need to improve outreach efforts to assure that programs reached the intended participants, recipients from low-income children receiving school meals to local farmers participating in national grant programs, as well as to socially disadvantaged farmers and ranchers. This has been a top management challenge identified by your office going back to 2013. It is also a major concern of mine. Can you give us a status update on how USDA is doing to meet this challenge, how much progress the Department has made, and what would it take for this issue to get off your annual management challenge report?

Ms. FONG. You have identified exactly one of those challenges that over time has been on our list, has dropped off our list, and has come back again. And this is a very sensitive area, a very challenging area for people to address. We have done audit and investigative work over the years since the 1990s looking at various aspects of it. We continue to do work in that area. I think one thing that is essential is for tone at the top to be established where the Department takes a strong position on what its expectations are

and then to implement that tone at the top throughout the program areas in the Department.

As you know, we have seen different aspects of this issue in our work in the Office of the Assistant Secretary for Civil Rights, in our reviews of farm programs, assistance to Black, Hispanic, women farmers and ranchers in the section 2501 program for outreach and assistance. There are numerous areas in the Department where this clear policy direction would I think be the first step and then, of course, to roll out the programs appropriately and with the right internal controls to make sure that they really are being delivered to the recipients that they are intended for.

Mr. BISHOP. Thank you, Ms. Fong. I think my time is just about up.

So I will at this time yield to Mr. Fortenberry for his first round of questions.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Again, good morning, Ms. Fong.

As your testimony notes, you recently completed an assessment as to whether the Trump administration's changes in policy and/or processes impacted the publication of scientific reports. There were claims that USDA was suppressing climate change research. It is important to note that your office, the OIG, did not identify any instances where the previous administration's policies or processes impacted the publication of USDA research during fiscal years 2017 through 2019.

However, as I alluded to in my opening statement, you did make some interesting discoveries about scientific publications. And this is where I would like to lead you to a question. It seems as if the research mission area cannot account for all of its research. As I have mentioned, the chairman and I are very eager to see USDA implement this new blue ribbon panel to look at the future of land-grant institutions and how there can be better collaboration and cooperation. I think this question of what current research is being conducted, as well as findings, is central to that mission.

They were not apparently able to tell how many USDA-supported publications have been produced over the last couple of years. So what is your assessment of the coordination of ag research across USDA and land-grant universities?

Ms. FONG. That is an excellent question. I think when we did that review, we made that finding and—

Mr. FORTENBERRY. It seemed like you stumbled into the finding. That wasn't the initial charge of the research. Is that right?

Ms. FONG. That wasn't the initial scope, you know. And I may ask Gil to comment. But to get to the crux of your question, you are exactly right. Unless and until the USDA has a way to really have accurate data on what it is producing in this area, it is difficult to measure how effective the program is, how effectively we are carrying out research, and what exactly we are looking at and how we can coordinate it. That is a very basic step that needs to be taken. So I think the crux of your question is right on.

Mr. FORTENBERRY. So do you have any policy recommendations in that regard? Now, this happens every year during this hearing, that we identify the problem and then we turn to you for certain

policy prescriptions, which isn't fully your job but partly your jobs. Do you have recommendations?

Ms. FONG. I may defer to Mr. Harden here, who may have some insight on that on our recommendations.

Mr. HARDEN. Yes. Thanks, Phyllis.

Good morning, Ranking Member Fortenberry.

As we stumbled into this part of the question, because that was not part of the original congressional request of questions, we found that agencies use different mechanisms in terms of recording it. So we had some information but not all of the information. Some agencies were using internal systems; others were relying on things like Google Scholar to know what was published. So that led us to make a recommendation that the Department did agree with in terms of identifying and implementing a standard mechanism by which to track these publications. They fully agreed with the recommendation and are working to implement that as we speak.

Mr. FORTENBERRY. Well, that is good news. Where will that be embedded? Who will have responsibility for that?

Mr. HARDEN. We made that recommendation to the research area, and I will go back and make sure that I know—I can come back to you if it is a specific agency or not.

Mr. FORTENBERRY. Yes. And a timeline for the implementation of the change.

Mr. HARDEN. I will get that. They included that in the response. I just don't have it in front of me.

Mr. FORTENBERRY. Before the hearing is over, could you obtain that? Because this is a central question to some of our initiatives? Is that a possibility?

Mr. HARDEN. Yes. I can do it now.

Mr. FORTENBERRY. Okay.

Mr. Chairman, with that, it would be tough to go into depth into more questions because I only have about 30 seconds. So I will just yield back for now.

Mr. BISHOP. Thank you, Mr. Fortenberry.

At this time, I would be delighted to recognize the gentlelady from Maine, Ms. Pingree.

Ms. PINGREE. Thank you, Mr. Chair.

And thank you to the presenters and Ms. Fong for being here. It is always a pleasure to hear from you on the diligent hard work you do for us every year.

I appreciate the question by Representative Fortenberry, the ranking member. I am kind of going down that same pathway, so it shows these questions are extremely bipartisan. On that report, one of the concerns that I had in looking into the scientific integrity is that the OIG was only able to interview a nonstatistical sample of 21 researchers at 2 of the 4 research agencies. So I understand this is a very sensitive investigation for those researchers involved, but why did you choose to use the nonstatistical sample? How were the researchers selected? And I will just throw a couple of other things in. Were the names anonymous? And how did you protect them?

Ms. FONG. I think Mr. Harden may have some detail on that. And so I am going to defer to him.



Mr. HARDEN. Yeah. I know we limited it to agencies where they had—and I will also—can also look this up to provide a fuller answer. But those—we chose researchers in ARS and ERS because those were the ones that had things that they were actually publishing. When you—I am sorry if I am speaking in acronyms, but we chose the Ag Research Service and the Economic Research Service because of what they published. The National Institute of Food and Agriculture and the National Ag Statistic Service really didn't have research that they published in that manner. So that is why we stuck with those two agencies. And it does come down basically to a judgment call of doing it nonstatistically in the time that we were trying to get it done.

Ms. PINGREE. Got it. And I am assuming that the question on the names of the employees being anonymous and they were protected?

Mr. HARDEN. Yes. If they requested to do so, most definitely.

Ms. PINGREE. Great. Well, in relation to the first question, or Mr. Fortenberry's question, it seems like we need a better way to evaluate this. And I think you already brought that up previously.

I will bring of a different topic. So the safety of workers in meat-packing plants is certainly something I and many others have been concerned about during the pandemic. In particular, we have seen such large outbreaks in those facilities. Reports have shown that hundreds of workers in these plants and several FSIS inspectors have sadly lost their lives due to COVID-19. Can you tell me more about the pulse survey you are planning on FSIS inspectors and their safety during the pandemic? And I guess I would also ask you, are you looking more broadly at the USDA's actions to keep FSIS personnel, other workers safe?

Ms. FONG. Let me just offer a couple of comments and then Jenny Rone might give more detail on the survey. We have two projects going on with respect to FSIS processing plants during COVID. We have an inspection which is going to look at how FSIS is spending its funds under the CARES Act to ensure the health and safety of the inspectors and to ensure inspections are happening appropriately and ensure COVID tests and reliable PPE and all of those issues.

In addition, while we were doing this—initiating this work, we decided it would be useful to get the perspectives of the inspectors themselves as to whether they felt protected, whether they had what they needed. So we developed a pulse survey. I am going to turn it over to Jenny now to go into a little more detail on what it says.

Ms. RONE. Good morning. Thank you, Phyllis.

And thank you for the question. The Office of Analytics and Innovation, as of Monday, released the survey to the frontline inspectors across the Food, Safety, and Inspection Service. And we are calling it a pulse survey for a reason, because it is truly to check the pulse of those frontline workers in terms of their, as Phyllis said, perception of safety in their work environment, the institution of safety protocols, and processes established, all related to COVID-19.

So we released that survey on Monday. It is going to run for 2 weeks, and then we will be analyzing that data and working on de-

veloping a report which reflects that pulse of those frontline workers and their responses.

Ms. PINGREE. Great. Well, we are certainly very concerned about those issues so we look forward to hearing what results you get and the information you retrieve.

So thank you very much, Mr. Chair. I yield back.

Mr. BISHOP. Thank you, Ms. Pingree.

At this time, I am happy to recognize Mr. Valadao for any questions that he may have.

Mr. VALADAO. Thank you, Mr. Chairman. I appreciate the opportunity.

And, our guests, I thank you all for being here today.

My question is: Well, it is important for disadvantaged Americans to have access to food. The Department's Farmers to Families Food Box Program addresses this important issue.

In your testimony, you mentioned that one of your ongoing projects is an inspection of the Farmers to Families Food Box Program administration. I am personally glad you are looking into this and how the program has been administered because I have heard from some of my constituents that not all food items for boxes, like butter, have had a fair chance to be included. But I want to specifically focus on the bidding process.

I have heard from some of our—because obviously I represent a large ag district and a lot of production ag. But I have also heard that, on the bidding side, companies actually bid for projects who had no ability to actually deliver a product. And so they won these bids by undercutting legitimate businesses and were never able to deliver those. Obviously this is a concern because making sure that food is getting to those who need it most, making sure that there is transparency in the purchase process, and making sure that people aren't taking advantage of the system. Is there any sort of repercussions for those who played, I guess, games with the USDA? And where does that go?

Ms. FONG. Well, thank you for that question. We know, as probably all of you do, that there have been many media reports about concerns with the delivery of this program, which is why one of the reasons why we initiated our work into it, and we are in the middle of the work right now, the field work. And we are looking very carefully at the procurement process, the awarding of contracts, to make sure that the Department followed the requirements of the Federal acquisition regulations to make sure that they awarded contracts appropriately.

I think you have brought some interesting information to light about the dairy industry, which we appreciate. And I am going to offer a chance to Gil here to comment in a little more depth, if he wishes.

Mr. HARDEN. Yeah. We are looking at the solicitation process for the Food Box Program, but also we will be getting into how they allocated funding to the different contractors, as well as did they meet the mission of what they set out to do. So those are all questions that we are looking into.

Mr. VALADAO. Well, the issue that we ran across in this specific situation was it is my understanding, obviously I am not part of those phone calls because I am not in that business, but that one

person went out and actually got prices from some of the competitors, undercut them all, was awarded the contract with no ability to actually deliver on the contract. And so the legitimate businesses, I mean probably once the product wasn't delivered from the guy who won the contract wasn't able to deliver, they went to the next people in line, which is legitimate. But there was a holdup in delivering food to needy families. And to me that is a huge concern. Is there any punishment for those who go in and try to undercut everyone without any ability to actually deliver a product? I mean, it is bad for everyone. USDA looks bad. The farmers aren't able to deliver a product, and obviously those who need it most are not able to receive a product. So it is something I would like to bring to your attention, and I would like to be looked into.

Mr. HARDEN. That is right. The team actually can take that question up as part of what we are doing to under—to make sure we fully understand the solicitation process and why they picked who they picked.

Mr. VALADAO. Okay. And then I am going to change it up a little bit. Obviously, technology security is a big issue. And I know that you have been looking into it. And, obviously, there are countless cyber attacks on an ongoing basis. USDA has access to a lot of information. Farmers who sign up for programs put lots of personal information in those documents, and everything is available and accessible. Have the cybersecurity issues been addressed? Are the different USDA branches actually doing their job in making sure that farmers' personal information is secure?

Ms. FONG. That is an excellent question. This is a longstanding management challenge that we have pointed out to the Department and the Department is aware of. I think we all share a commitment to protecting sensitive data. We understand the concerns, the Department, as well as our office.

As you know, we do a review of the Department's IT security posture annually. And, thus far, the Department's posture is less than effective. There has been slow progress, but it needs to continue to make progress here.

Now, on the bright side, we do have a very good working relationship with the Office of the Chief Information Officer. So, when there are situations that arise, incidents that can happen that require our oversight either audit or investigative, there is very good communication and sharing of information as appropriate.

Mr. VALADAO. Okay. If there is something else that Members of Congress can do, obviously, we need to step in because this is a huge issue for people across the country.

I know my time is up so I yield back. Thank you.

Mr. BISHOP. Thank you, Mr. Valadao.

Mr. Pocan.

Mr. POCAN. Great. Thank you very much, Mr. Chairman. I appreciate it.

And thanks to the Office of Inspector General for being with us today.

Let me start with, last year, we discussed the audit of the swine slaughter modernization rule. And, unfortunately, we have learned a lot more about how dangerous that rule is. The Washington Post recently reported that the Trump administration actually hid data

showing that the pork plants piloting the so-called self-inspection system had nearly twice as much fecal and digestive matter on meat than other plants. This contamination is obviously dangerous to consumers' health, and it is a direct result of the ever increasing line speeds that harm meat-processing plant workers.

Further, the report said that beyond the five plants in the test program, the USDA estimates 35 additional pork plants are expected to use this system. That would represent 90 percent of the pork consumed in the United States. I just want to know, are you going to be doing any further audits on the food safety analysis that the agency did leading up to the approval of its rules, given this new information and this data?

Ms. FONG. That is an excellent question. As you know, we have done two reviews in this area already and pointed out some of the issues with the safety data. And I know that this issue has been in litigation. It is a very complex issue. We will, I think, look at in this our next planning cycle. And we are getting ready to think about that, to see if there is anything that we can add here.

And I will turn it over to Gil to see if you have any additional thoughts. You may be aware of something that I am not aware of, Gil.

Mr. HARDEN. No, we definitely will consider this in our next planning cycle, but I would also mention that there is the new poultry inspection system, which also deals with line speeds in poultry plants. We have done the national office oversight of that a couple years back and have plans to do work in the field on that as soon as we can get in the field related to COVID concerns.

Mr. POCAN. I just think, if you could look at both, if you are going to do that because, clearly, if 90 percent of the Nation's pork are going to be under this system. I think it is in the best interests of consumers.

I would add to that, there also was a great report last weekend on Last Week Tonight with John Oliver. It is kind of sad that a comedy show does better news analysis than any of our cable networks, but they did a very good report. And in addition to talking about this, what I just talked about, they also brought up COVID in the meat-packing facilities. And I know that, for fiscal year 2021, your work plan notes that you will evaluate the Food Safety and Inspection Service's response to COVID at these plants. As we know, over 57,000 workers have gotten COVID; 280 people have died from these facilities. We also know that managers in some of these facilities bet on how many people would get this. Given this repugnant behavior by the industry, can you talk more about the scope of that investigation and when we can expect it?

Ms. FONG. Yes. That is one of our priority projects for this fiscal year. We are in the middle of field work on that right now, the inspection piece of it, which is going to look at a wide range of aspects of how FSIS is using its COVID funds to protect its workers and to make sure that everything is operating as smoothly as it can during the pandemic. And we have some very specific objectives, which we can share with you.

We also, as we have discussed, we initiated a pulse survey of FSIS inspectors this week to find out their thoughts and their perceptions on how safety and COVID response activities are going in

the plants. And I think that that would also be a very useful report when it comes out. That will come out I think in the next few months.

Mr. POCAN. Great. Glad to hear that. And in the remaining minute, if I can real quickly, the Animal Welfare Act with respect to dog breeders, I have been alarmed by the drastic drop in USDA citation on inspection reports and enforcement actions taken against noncompliant licensees over the last 4 years. I am looking forward to reading a very thorough report on this. Can you please share more information about that scope and when we can get those final results?

Ms. FONG. Mr. Harden I think has the details.

Mr. HARDEN. Yes. I will attempt to address that.

We are in the process of putting that draft report together so we are planning to release that later this spring, or by early summer. And doing the work, you know, as a preview and in light of COVID, we weren't able to do all the work we planned in terms of going to the different breeding facilities as part of the work, but we did do work at the headquarters level and what the oversight was. We will have future work to look at things on the ground.

Mr. POCAN. Great. I thank you very much, Mr. Chair. I yield back.

Mr. BISHOP. Thank you, Mr. Pocan.

I would like to recognize Mr. Moolenaar.

Mr. MOOLENAAR. Thank you, Mr. Chairman.

And, Ms. Fong, thank you for being here with us today, and it is nice to see you again.

I wanted to ask you, in your testimony, you stated that the OIG continues to receive complaints and referrals related to allegations associated with COVID-19 pandemic relief from the public. I am wondering if you could comment on which programs you have received the most complaints.

Ms. FONG. All right. We have a hotline, as you know, that takes in complaints from the public and others. And we received a number of complaints, some very worthy of further action. By and large, you know, as you would expect, we were receiving complaints about the Food Box Program, pandemic EBT fraud, personal protective equipment, but the largest group thus far has been related to the CFAP program, and that is, you know, we are focused on those issues right now on our investigation side.

Mr. MOOLENAAR. I was going to ask, could you identify any of the schemes that have been used that have been frauding, defrauding people?

Ms. FONG. I am going to ask Ann if she would like to comment on that.

Ms. COFFEY. Thank you. So I think what we have been seeing from most of the schemes that have come in the majority of them involve false statements or false certifications, individuals who are providing false information in order to obtain the benefits, and they would not normally be able to obtain them if they had completed them. We have also seen some level of redirecting individuals who, I don't want to say identity theft, but individuals who are applying for benefits who don't have any farming production or any interest in the agricultural sector would apply for the benefits. Those are

the most common schemes we have seen thus far with respect to the Coronavirus Food Assistance Program, and that is what we are focusing on from the investigation side.

Mr. MOOLENAAR. Okay. Thank you.

And then I wondered, in your work, we have done a lot in Congress to promote rural broadband. And I think the pandemic has really illustrated how challenging this is for rural communities where kids are trying to do their homework and don't have access to the internet or healthcare providers want to do telemedicine, and if we don't have access, it is very difficult for that. I appreciate Chairman Bishop's interest and focus on this as well.

I wonder if you could comment on your Department and just see if there are areas that you have identified that we could be doing more to advance rural broadband across the country?

Ms. FONG. That is an excellent question. Rural broadband is an area that we have looked at over the years a number of times because, as you point out, the need to be able to connect rural America with the rest of America and to provide services to people at the end of the line. We have not done work in that program recently. But I am watching the funding streams as they come out for COVID, and I recognize that there is some additional money for that program. So I think we would want to consider your request as we design our work for the future to see if there is anything of value that we could add here.

Mr. MOOLENAAR. That would be of great interest to me in our district, and I know probably other members on the panel. It is something that, you know, as you mentioned, there are four rural broadband connectivity programs within the USDA Rural Utilities Service. And, you know, I would—it is one of those areas where we are trying to really move the ball forward. It is difficult to get, you know, real good information on how we are doing in that, and certainly in our districts that, you know, it is at the top of my priorities so I would be very grateful for that.

Ms. FONG. Thank you.

Mr. MOOLENAAR. Thank you.

I yield back, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Moolenaar.

At this time, I would like to recognize the gentlelady from Illinois, Ms. Underwood.

Ms. UNDERWOOD. Well, thank you, Mr. Chairman.

And thank you to our witnesses for being here and for all the important work that you do.

Like so many across the country, farmers in northern Illinois have faced some incredibly difficult years recently. They have had to cope with tough weather conditions, as well as the disruptions caused by the coronavirus pandemic. And through no fault of their own, they were forced to bear the brunt of the previous President's misguided trade war with China. I am heartened to see that times appear to be looking up, but this doesn't erase the hardships that farmers have faced. And it is critical that we learn from recent experiences so we can do better, both in Congress and at USDA.

I am concerned by evidence that payments made through the Market Facilitation Program were not distributed fairly across regions and crops, and that large farms benefited at the expense of

smaller farms, like those in my district. Recent analyses, including a September report by the Government Accountability Office, suggests that corn, soybean, and dairy farmers in districts like mine, received disproportionately low MFP payments compared to those in other regions or producing other commodities, even though they represent some of the producers hardest hit by the trade war.

Other analysis published just yesterday by the Environmental Working Group found that nearly a quarter of all MFP payments in 2019 and 2020 went to the top 1 percent of the recipients. I am aware that the OIG has released two reports on the Market Facilitation Program. However, these reports did not include analysis or recommendations as to the effectiveness of the program in carrying out its core mission: to aid farmers directly impacted by retaliatory tariffs.

So, Ms. Fong, I understand that your office's review of MFP is ongoing. Are you considering these concerns over the design and distribution of the MFP payments as part of this review? And if so, when can we expect to see that report?

Ms. Fong, you are muted.

Ms. FONG. Okay. Here we go. Let me offer a few introductory comments, and then I think Gil will have some additional detail.

You are exactly right in terms of some of the issues that have come up in this whole area of the trade mitigation portfolio. We had a number of ongoing reviews, including the review of the Market Facilitation Program. Our initial work that you referred to we were looking at the USDA's overall authority to do these programs. And we found that, overall, USDA has authority to do them. And so we are now looking at the specific programs to see how they were delivered, how they are designed, whether they are accomplishing what they are supposed to accomplish.

As you mentioned, GAO is doing work as well. We work very closely with GAO to make sure we are not duplicating efforts. And so they have their area of focus, as you know.

We are looking at the administration of the program. We are looking at producer eligibility, accuracy of payments, and distribution of payments across demographics and geographical areas so that we don't overlap with GAO. You may have heard about our work on the demographics issue as well, which we think is very interesting.

So let me just offer Gil a chance to comment on where we are in this work and what we can expect.

Mr. HARDEN. Yes, ma'am. We are in the midst of field work on this assignment where we are actually looking at a sample of producer case files, having that information sent in to us. We are getting a stat sample so there are about 100 case files that we are going to be looking at and seeing what we can say programwide related to that on payment accuracy and eligibility. We are expecting to have that report later this summer.

Ms. UNDERWOOD. Great. Thank you.

Your May 2020 report on MFP found that USDA's methodology is reasonable and was applied consistently, but it doesn't mean that it is effective or equitable. And so, even if MFP is ended, it is important that we can apply the lessons learned to any new programs. And I want to do everything that I can to make sure that

farmers in my district get a fair shake. I really encourage your office to do this necessary analysis in upcoming reviews and to make recommendations that USDA can apply to future programs.

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

Mr. BISHOP. Thank you very much, Ms. Underwood, for those very insightful questions.

At this time, I am happy to yield to the gentlelady from California, the co-chair of the Steering and Policy Committee, and the chair of the Foreign Ops Subcommittee of the Appropriations Committee, Ms. Lee, of California.

Ms. LEE. Thank you very much, Mr. Chairman.

Thank you very much to our witnesses.

Hello, Ms. Fong. It is nice seeing you again.

A couple of questions I have. First of all, I have three really. In 2019, the OIG published a 5-year strategic mission and diversity and inclusion plan that outlines specific goals and strategies and performance measures that you have established. So I wanted to find out in terms of your assessment of USDA's diversity and inclusion goals, are there challenges that you have identified? And just how are we doing in meeting the goals of that assessment, those recommendations?

Secondly, let me just ask, you know, I come from California, which of course is an agricultural State, and we are always looking for new markets for our farmers. And I wanted to ask you about Cuba and the status of exports to Cuba. In light of the last 4 years, we know that there have been policy changes. But I am wondering, in your assessment, now, are we looking more at opening up new markets, including Cuba? And, thirdly, your assessment as it relates to hemp and cannabis, where are we in terms of the research and the actual results and recommendations on the use of hemp and cannabis and the outcomes that you all are seeing in terms of your assessment, given the fact that so many States now moved forward with medicinal and recreational use?

Ms. FONG. Let me comment on your initial question first, and then I will ask Mr. Harden to offer some insights on the Cuba export question and then the hemp and cannabis question. With respect to diversity, equity, and inclusion, this is an issue that we at OIG feel is an important issue; it is in our management challenges for the Department and that we recognize that this needs concentrated attention.

Thank you for mentioning our strategic plan, our strategic diversity and inclusion plan. Within OIG, this is what guides the work of my office because we recognize the need to have a strong approach here and a strong workforce and inclusive culture that values the contributions of every individual. And we think that that is critical to accomplishing our mission.

I don't think we have any comments to offer because the Department may not have taken the same approach to date, but as you know, we are doing a lot of work within the Department about its efforts. On outreach and diversity, we have a number of reviews going on right now looking at how the Department is delivering its programs for social and disadvantaged farmers and ranchers, how the Department handles complaints under title VI and title VII of



the Civil Rights Act and numerous other areas. So we anticipate this will be a continuing area of focus for us.

And, with that, let me just quickly turn to Mr. Harden so that we don't run out of time here.

Mr. HARDEN. Oh, yes. Thanks, Phyllis.

With respect to your question, Congresswoman Lee, on exports to Cuba, I don't have anything specific to add. But I note your question, and it is something I would want to talk to the new administration about in terms of where they are going. I didn't have any reviews of that in the last administration.

With regard to hemp, we did recognize that last year in our planning that this is a new program for the Department and a new area that they are going to be going into. And I actually have an assignment that will be starting a little later this year into that program. And so I would be happy to work with your office if there are specific questions you have.

Ms. LEE. Well, hemp and cannabis, what about cannabis? Are you including that also?

Mr. HARDEN. My familiarity—I will go back and check and see if it includes cannabis as well—it is more of a hemp role, but I will check.

Ms. LEE. Okay. Great.

And, finally, then, I have a few more seconds, just in terms of the fact that so many more people have fallen into poverty during this pandemic and so many more now are food insecure—I believe that there was one report that showed between 26 million to 29 million people in the United States at some point didn't have enough to eat during the first few months of the pandemic. What are you doing in terms of empowering USDA to look at the inequities in terms of food security as it relates to poverty rates? And how can USDA be a positive force in helping to eliminate poverty?

Ms. FONG. Let me just offer some general comments.

We spend a lot of time looking at the Food and Nutrition Service and how it can deliver its programs, and our main focus is to offer suggestions to FNS on how we can deliver those funds as effectively as possible and how it can improve its outreach.

For example, in our recent report on summer food, one of the things we pointed out to the Food and Nutrition Service was that it could serve even more eligible people—students, kids—if there was more of a focus on effective outreach to the populations for which that assistance is intended. And I think these kinds of issues can be very helpful to the agencies as we find them.

Ms. LEE. Thank you, Mr. Chairman. Thank you.

Mr. BISHOP. Thank you, Ms. Lee.

At this time, I am delighted to recognize Ms. McCollum of Minnesota, the chair of the Defense Subcommittee of Appropriations.

Ms. McCollum.

Ms. MCCOLLUM. Thank you so much, Mr. Chair. Good morning, and this is a great way to start off our hearing season.

I have a question that I am going to submit for the record, Ms. Fong. Ms. Pingree, who is also on the committee, and I both serve on Interior, and we were working on wildland fires and COVID and the type of response in that that we had to do. And you had a memorandum in August of 2020 providing comments on wildland

fire response plans that you were developing on, and so I am going to submit a question. We would like to—I would like to learn a little more, and I am sure Ms. Pingree was involved in this as well, too, what we can do to be helpful and what we might need to do in that realm.

Another area which I would like some more information on has to do with food distribution on Indian reservations. As we know, COVID-19 has increased food insecurity across the country. Indian Country has been no exception. Native American communities across this country suffer from high rates of food insecurity. And one of the tools that is available is the food distribution program on Indian reservations, and this program is critical to the safety net where SNAP benefits is limited, and it helps to promote Tribal sovereignty. And some of the foods that are focused and relied upon help meet cultural and Tribal needs.

Unfortunately, this program does not have a contingency plan for shutdowns, as we saw during the previous administration, and it severely impacted the ability of Tribal organizations to access food. In fact, sometimes there was food available on a reservation, but it was literally locked up.

So I am going to have my office reach out to yours to see if we need to do something administratively, if we need to do something legislatively, or if there is rulemaking that can be done to prevent this in the future.

With my time remaining, I was a little confused with some of your testimony on page 8 and 9, and it had to do with the Farm Service Agency counting employees, where you were collecting race, ethnicity, and gender data on producers that were part of the Market Facilitation Program.

So it appears that you are not supposed to be collecting this information on the 530 producers, yet you were collecting the information, but you were doing it visually. And I am not against collecting information like we are doing to help underserved and racial disparity communities affected by COVID, but I don't understand what you are doing with the information, and that you were collecting visual information is very alarming to me.

So could you maybe tell us a little bit about what you were doing and if you need to do it to make sure we are reaching diverse populations about programming opportunities, work with the chair and this committee to make it happen? I know this is something Ms. Lee works on a lot. What is going on?

Ms. FONG. Yes. That is a very interesting issue, and you are exactly right that, in order to really be able to measure how effective these programs are, you have got to have the right data across demographics to know if the assistance is going as it should be going and equitably.

What we were seeing in FSA was that the Department had a policy that, when you collect this demographic data, it should be done in a way that asks the individual to self-identify as to which demographic groups an individual belongs to. It is not to be collected through the visual observation of a USDA employee.

In other words, if I am a USDA employee, I shouldn't be looking at a program participant and saying: This—you fit into certain categories. That is not the appropriate way to go about this.

Unfortunately, we found in that program that FSA was not following Department guidance, and so the data that was being collected was not data provided by the individual themselves, which therefore throws into question the validity of that data. And so what we were pointing out was that FSA really needs to bring that practice in line with departmental guidance so that we can have accurate data to measure the effectiveness of these programs.

I hope that makes more sense.

Ms. MCCOLLUM. Well, I would like to get to the bottom of what is really going on.

And the other thing I found alarming—and it is on page 9, Mr. Chair—is that this information which was inappropriately collected and not accurately collected was possibly shared with third parties. So I am going to follow up on that and understand it better.

Thank you, Mr. Chair.

Mr. BISHOP. Thank you, Ms. McCollum.

At this time, I am delighted to recognize Mr. Cuellar, the gentleman from Texas.

Mr. CUELLAR. Thank you, Mr. Chairman and Ranking Member. Thank you for holding this hearing today. And I also want to thank the USDA inspector general, the folks who are present here.

I want to follow up on the—Ms. Fong, the Farmers to Families Food Box Program, because we had a little issue in my area in San Antonio. The—as you know, in San Antonio, you had a San Antonio event and wedding—a wedding planner with no experience in food distribution that got awarded a \$39.1 million contract. And, as you know, their performance wasn't the best, and I can say that.

My question is, how do we prevent this from happening in the future?

We also have a—with all due respect to my Californians also, but we had a California company, Gold Star Foods, that was covering all of Texas, and I am sure it was probably done a—quote, on a cost—probably the most cost-effective one. I assume they are going to say that. But we still had some issues in Texas.

For example, in my southern part of the district, they would deliver boxes with a letter from President Trump implying that President Trump was providing this food.

So I want to ask you also: Is there anything in the law that prevents any President—any President—I don't care if it is a Democrat or Republican—from giving the impression that he was providing this food to the folks there when it was the taxpayers that was doing this?

So that is my question. How do we make sure that this Farmers to Families Food Box Program becomes a little bit more effective?

And then my second question has to do with improper payments. We still have a lot of problems with improper payments, and I am looking at your testimony. And, without going into details, I would ask you—because I know you have provided a lot of recommendations, and if you all could provide to the committee and to my office recommendations that we can follow up to help you enforce this improper payments that are definitely more than 10 percent on different programs.

So, with that, I want to say thank you for the work that you have been doing for many years and to your folks who are present here today.

Ms. FONG. Okay. Let me comment on both of those issues, and then Mr. Harden and Ms. Coffey may have some additional comments.

The Farmers to Families Food Box Program, yes, we are very aware of the media reports when they first started to appear about that situation in Texas. We, as you know, have ongoing work in our audits—on our audit side to look at that whole program to see how those contracts are being awarded, to make sure that they are following the Federal acquisition rules and regulations. And we anticipate having some results by the end of the year on that.

To the extent that we might receive allegations of fraud in programs, as you know, our investigation staff would evaluate those allegations and, where appropriate, would take, you know, action to get to the bottom of it. We don't talk about anything ongoing publicly. But that would be our normal process if we received allegations of wrongdoing.

With respect to any activity by a Federal employee or official that might be considered political, what we would do is look at it under the Hatch Act, which has certain very strong provisions. And, where appropriate, if we received any allegation like that, we would be working with the Office of Special Counsel that has jurisdiction. Let me just offer, on improper payments, that we are watching these very carefully. The Department's overall improper payment rate has gone up over the last 2 years, which is a matter of concern for everyone, I think. And we certainly would like to see more progress in that area by the Department.

So let me just offer Gil Harden a chance to comment on any of those areas.

Mr. HARDEN. All right. Thanks, Phyllis.

And I will stick with the improper payments in response to your question, Congressman. We will definitely work with your office to get information on the recommendations and different things that we have made and have implemented and what is still outstanding for those programs.

Other thoughts on improper payments that we see, not only in our compliance issues, but as we do samples in looking at calculations and eligibility, we are seeing improper payments to—in various programs as well.

Mr. CUELLAR. Thank you so much.

Thank you, Mr. Chairman. I yield back.

Mr. FORTENBERRY. Mr. Chairman.

Ms. MENG. I think I read his lips. Was that me?

Mr. FORTENBERRY. I am sorry. This is Jeff Fortenberry. I am just trying to get the chairman's attention for just one moment if you will indulge me.

Mr. BISHOP. I am sorry. Go ahead, Mr. Fortenberry.

Mr. FORTENBERRY. Yeah. I am sorry to break up the flow of the hearing. This is delicate, because we are doing this by Zoom, but I am getting some concerns expressed by members on my side of the aisle about order here. Perhaps you could review the order to see if we can clarify how we are proceeding. Given that there has

been a number of Democrats in a row, I know you are trying to balance out with who came in at the gavel, but there might be some difficulty with the Zoom.

Mr. BISHOP. Okay. I am sorry. Can we verify that? I am getting instructions from staff, and we are supposed to be going by seniority of staff [inaudible] Because I certainly would not want to do that intentionally.

Mr. FORTENBERRY. Yeah. I am sorry, Mr. Chair. The video or the sound blanked out for a moment. Did you have a clarification on order?

Mr. BISHOP. Can I get clarification from the staff as to who should be next?

Well, is Mr. Aderholt on the call? Mr. Harris. Dr. Harris.

Mr. ADERHOLT. Mr. Chairman.

Mr. BISHOP. Yes.

Mr. ADERHOLT. It is Robert Aderholt.

Mr. BISHOP. Okay.

Mr. ADERHOLT. I actually—I am on the call, but I don't have anything. So I will pass and give my time to someone else.

Mr. BISHOP. All right.

Then Mr. Newhouse.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Mr. NEWHOUSE. Thank you, Mr. Chairman. I appreciate that very much.

Mr. BISHOP. I apologize for the oversight. I was under the assumption that there were no other Republican members on the line, and I did not check it. I was relying on staff, so I apologize, and I assume full responsibility.

Mr. NEWHOUSE. Apology accepted. And I am juggling two committee hearings online at the same time. So we are trying to make that work.

Mr. BISHOP. And I see Mr.—I see Dr. Harris is also on the line, so, following Mr. Newhouse, I will be delighted to recognize Dr. Harris.

Mr. NEWHOUSE. All right. Thank you. Thank you, Chairman Bishop, Ranking Member Fortenberry. I want to thank you for welcoming me to the subcommittee. It has been my long-term goal since joining the Appropriations Committee to be a member of the Ag Subcommittee since I am one of the few farmers in Congress, and I am also the former State director of agriculture for Washington.

So I look forward to working with all of you to ensure that we can help our producers, our farmers to feed the world.

I want to thank General Fong and your team today for joining us. Thank you for your work at USDA to help ensure that Federal taxpayer dollars are going to support the mission of USDA and what President Lincoln called the people's department. And I think that that—that label is just as true today as it was in the 1860s.

While farmers and ranchers only make up about 2 percent of our Nation's population, they have a big job to ensure that all Americans and the world receive the safest and highest quality food supply.

One issue raised in your testimony this morning is the Coronavirus Food Assistance Program, or the CFAP, the review

and the administration by FSA. Your office is currently looking into the timeliness and accurate assistance for growers, so my questions are these.

Number one, is your CFAP review part of the Biden administration's overall review of the program, or is it your review and separate from those efforts?

Secondly, can you share with the committee any challenges for producers completing their application and receiving their appropriate payment? We want to make sure that the program is running efficiently and serves the intended purpose of keeping growers growing. One of the larger issues we want to look at is the integrity of our safe and secure food supply, and COVID-19 has showed many gaps that we need to address.

And then, thirdly, can you tell me who would—would your review also consider—had there not been CFAP available to our producers, would there have been a detriment to our food supply system? We all saw and witnessed in the early days of the pandemic the closures, and our supply chains were severely distressed.

I believe that we should ensure that our growers, just like with small businesses around the country, needed and continue to need supplemental assistance to ensure growers can continue with their job of supplying the world food and fiber.

So I look forward to your responses, and thank you for being here with us this morning.

Ms. FONG. I am sorry. Was I muted there?

Mr. NEWHOUSE. There you are.

Ms. FONG. Okay. Let me try again.

Thank you. Let me offer a few comments, and I think Mr. Harden may have some additional ones.

Just to note that, on our CFAP review, you asked whether this is separate from the Biden administration's review. We initiated our work during the last administration, and so it was designed—our objectives were set prior to the new administration taking office. And we are continuing to work the objectives that we set.

It is helpful to know what changes may be coming because then we can assess whether we need to change course or do anything different. But we are continuing with our original design of that project.

I understand what you are saying. I don't know what the policy alternatives would have been if there were not a CFAP program. I think the trade mitigation programs that USDA has provided would be interesting to think about in that context, and we certainly are taking a look at those right now as well.

So let me go ahead and offer the mike to Mr. Harden for some additional thoughts.

Mr. HARDEN. Thank you, Phyllis.

Yes, in terms of—I just wanted to offer that we did start the review last year before the change of administration, as she said, and we have recently selected the sample of producers that we will look at. So, at this current time, I can't offer specific challenges or concerns, but that is something that we are looking at in terms of, you know, did they have difficulties there?

And, with respect to the question on if it wasn't available, what would happen—and I am oversimplifying there—it is one that I

would like to go back to the team and see if there is a way that we can ask that of FSA, in addition to thinking about the trade mitigation programs in terms of what would have happened because I am—I feel certain there was some of that thought that went into the design of [inaudible].

Mr. BISHOP. Thank you very much.

Mr. NEWHOUSE. Thank you. Thank you very much.

Mr. BISHOP. The reason that Mr. Aderholt, Mr. Newhouse, and Mr. Harris are in the latter group, I am told by staff, is because they entered the meeting after the gavel, and everyone who was recognized earlier was present before the gavel, and we went in the order of seniority.

So I apologize for any misunderstanding in that regard.

And, at this time, I would like to recognize Ms. Meng.

Ms. MENG. Thank you, Mr. Chairman, and thank you to our inspector general and your whole team for being here today and for the work that you do.

I know that we have talked a little bit about the Farmers to Families Food Box Program. I am glad to hear that your office is investigating. This has been a program, especially during the pandemic, that has really benefited people in my district. But its erratic implementation has also caused a lot of chaos and uncertainty.

Lines at food banks and pantries are longer than I have ever seen in my life. They wrap around, you know, five, six city blocks at a time.

And so not only have there been allegations of vendor fraud across the country, but unclear rule changes in each round, lack of communication, vendor changes, and then lack of accountability, which have prevented hungry people in Queens, New York, from being able to access food they so desperately need.

A few of the issues I wanted to ask about. One, there seems to be different rules each round with no real communication to the nonprofits or pantries. And what has happened and what we have literally seen and heard from pantries is they will find out, like, on a Friday afternoon that the food that they are supposed to get and distribute on Monday will not be arriving.

Second, after the first round, only accepting contracts from vendors that could provide mixed boxes—meat, dairy, produce—this meant that the culture pantries, who also serve many of my halal-observant constituents, could no longer participate in the program.

And, lastly, during certain rounds, vendors with extra supplies were barred from sending boxes to other boroughs or counties whose vendors came up short. So, like, a vendor was only allowed to supply—in the county of Manhattan, Brooklyn, and Staten Island, told us that they had enough for Queens and the Bronx, but that they weren't allowed to send it to us.

So, if you could tell me a little bit about the scope of your investigation of this program. Will it only include fraud accusations, or will it provide a larger, more detailed accounting?

Ms. FONG. Okay. Let me just offer a few comments, and I think Mr. Harden might have some additional detail. Thank you for all the information you have provided. I think that is very helpful to fleshing out our understanding.

We are—in our review of the program, we are focused on how it is being designed and delivered and how the funding is allocated to contractors and whether the contractors are actually carrying out their responsibilities under their contracts.

I think that is an interesting question about the unclear rule changes and communication. Let me ask Gil if he has any thoughts on that and whether we need to follow up on that.

Mr. HARDEN. I will do some follow up on it, and I appreciate the questions. But just one point of clarification just for informational purposes.

In looking at the Family to Food Box Program, GAO, Government Accountability Office, has a strong interest in looking at this program as well as we do. So, as we have said in response to other questions, we try to not duplicate efforts.

So, when we started our work, we—it was very early in the program, so we focused—our focus was round one. As we moved through the program, we know GAO is looking at other rounds so that we are not looking at the same thing, but we can talk to them about—and, you know, I have heard about the different changes between rounds. Some are characterized to make it better. Others, maybe not. Maybe we can ask some questions to get some clarity around that.

Ms. MENG. Just in general, so if we can, you know, get a clear picture whether it is you or we have to work with GAO. You know, who received these boxes, how was the communication managed, and were they distributed equally according to population and need, or, like, what were the metrics used? All of that would be really helpful.

Thank you, and I yield back.

Mr. BISHOP. Thank you, Ms. Meng.

Is Mr. Aderholt still on? Would you like to ask any questions at this time, Mr. Aderholt?

Mr. ADERHOLT. Oh, Mr. Chairman, I am fine. Like I said, I am on the call, but I will defer my time to others.

Mr. BISHOP. All right. If you are deferring your time, I would like to recognize Dr. Harris.

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

Ms. Fong, as you know, you know, broadband has been brought up already. I have a very specific question about that before I go into my second question.

Obviously some—well, some companies in my district have raised concerns regarding capacity representations that have been made by some of the companies applying for funding. Their concern is that these capacity representations couldn't be met, and that will result in an unnecessary delay of getting this broadband coverage into our rural areas, something that we know, obviously, during COVID is such a vital issue.

So, specifically, I have to ask you: What role would the USDA OIG, your office have in ensuring that entities fulfill the representations they have made in applying for the funds? And, of course, we have a whole lot more funds now because of COVID. Is that something that your office would be looking into because you implied that you are going to be taking a fresh look at the broadband initiatives and how they are being rolled out.



Ms. FONG. Yes. That is an interesting question. As you know, we—broadly speaking, we do audits and inspections, and we do investigations. If there is a situation where someone has a concern that there may be a false statement or fraud or something rising to that level, we have intake for those kinds of concerns, and we would evaluate it and look at it from an investigative perspective.

If people are concerned about how the program itself is structured, whether there is adequate due diligence being given to the awards of the contracts, whether the program office is doing the appropriate steps before awarding contracts, we could consider doing an audit or an inspection of that aspect.

And so, depending on the situation, if people want to come forward with concerns, we—that is how we would analyze them.

Mr. HARRIS. Thank you very much, and I may bring some to your attention.

And, just briefly, because you have been doing this a while, the SNAP program—you know, I usually ask you about it every year because it is a huge program, and even a small percent of fraud in a huge program is a lot of dollars.

So I would like your kind of historic perspective on where it is—what has been happening to fraud in the program over the last few years? Is it getting better? Is it getting worse? And where do you see the largest fraud occurring right now, and are there other things we can do to make the program—you know, to decrease the amount of fraud because fraud, on two levels, is bad. It decreases the amount of moneys that should be going where they are, and it also decreases confidence—public confidence in the program.

So if you could give us a perspective on that.

Ms. FONG. Yes. You are right. SNAP is probably the biggest program, or one of the biggest in USDA's portfolio, and we devote quite a bit of effort every year to investigations in that area as well as to audit oversight. To give you just an overview, last year, we spent about a third of our investigative resources on that area running cases and dealing with allegations. There were some in the district of Maryland in the last few years that were fairly significant, if I recall.

We don't keep a running sense of whether the fraud is going up or down because we have much more than our workers can handle in terms of allegations and handling those things. So we know that, you know, where there is money, there are people who take advantage of that.

Let me just let Ann comment a little bit on fraud in the program, some insights.

Ms. COFFEY. Thank you, Phyllis.

So, as Phyllis said, yes. We do spend a good portion of our resources assessing where there could be potential fraud. The one thing I will say is that the use of data analytics has helped us to kind of identify specifically where we can allocate our resources.

Usually the fraud that we have seen where it is sort of in the highest percentage is actually on the eastern seaboard. We have a little bit in each State, but, for some reason, in more of the urban areas, we do tend to see higher rates of fraud in those cases.

But, again, we have worked very closely with our Office of Analytics and Innovation as well as the USDA's Food Nutrition Service

to try to identify and really focus in on where we can make the most bang for our buck, where we can effectively put our resources in going after sort of the most significant fraud cases. We do get a number of cases that don't—necessarily, we can't possibly handle all of them, so we really do try to focus on the larger ones.

So it is a little bit difficult for us to be able to say exactly how the fraud rate rises or falls in a particular year other than to say we know the amount of resources that we are expending.

Mr. HARRIS. Thank you. I yield back.

Mr. BISHOP. Thank you very much.

At this time, I am delighted to yield to the chair of the Military Construction, Veterans Affairs Subcommittee, the gentlelady from Florida, Ms. Debbie Wasserman Schultz.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman. I am very much looking forward to serving on this subcommittee and to working with you and our colleagues.

Ms. FONG. I appreciate your service and your vigilance. I do want to ask you about the Florida citrus program. In your office's fiscal year 2021 plan, you stated that your office will continue to examine the Florida citrus block grant program. Can you give us a brief outline of the issues your office is looking at here?

Ms. FONG. Yes. We are near the end of that review, I believe, and I know Gil will want to offer some comments on that. We are looking to see how the program payments were made, whether they were made in accordance with guidelines and were made to eligible producers. And I think we will have results shortly, but let me ask Gil to offer some specifics.

Ms. WASSERMAN SCHULTZ. Thank you.

Mr. HARDEN. Yes, Phyllis, that does cover the type of work that we are doing. And because we haven't issued the report, I can't talk specifics about the findings. I am sorry about that, but I am happy to talk about them when we can.

We are close to issuing the draft report to the agency for comment. I would expect the report to be out in final by summer at the latest.

Ms. WASSERMAN SCHULTZ. By summer? Okay. All right. And so there is no—there is no specifics you can even talk about in terms of an outline of the issues that you are looking at?

Mr. HARDEN. Not at this time.

Ms. WASSERMAN SCHULTZ. Okay. I want to switch to the topic of animal welfare. Congress included a specific \$500,000 increase to USDA OIG in the fiscal year 2021 appropriations package for the purpose of addressing illegal animal fighting. And I know you addressed this—and I appreciate it—in your opening statement because animal fighting is not only cruel and unethical, but it can also spread disease.

Can you provide the committee with any details of what your office is doing with the increase that Congress provided?

And, also, can you speak to how often your office or USDA encounters other potential criminal activity in your pursuit of animal fighting cases, and how related animal criminal activity might interfere with the investigation?

Ms. FONG. Yes. These are significant cases in our portfolio. I will offer some comments, and then Ann might have some additional ones.

We have 59 open cases involving animal fighting currently in 27 States. So it is a widespread issue and a significant issue for us. We anticipate that we will make good use of the \$500,000 earmarked for those cases.

To give you an idea, last year, in fiscal year 2020, we spent over a million dollars in salaries alone for our investigators who run these cases. And they are dangerous cases because they can involve other issues, such as the presence of firearms, narcotics, people who have been convicted of other felonies. There are some very significant concerns that we run into when we do these cases, so we have to make sure we approach them correctly.

So let me just ask Ann if she wants to add something here.

Ms. COFFEY. Thank you, Phyllis. So we do, as Phyllis mentioned, have a significant number of animal fighting cases throughout the country. These tend to be labor intensive for our investigators. They have worked very hard. And, during the COVID pandemic, they have continued to be out there doing these investigations because these require them to be present. You can't just do these sort of looking at records.

And Phyllis is correct. We often work these cases jointly with other law enforcement, Federal law enforcement agencies, such as Alcohol, Tobacco, Firearms & Explosives or the Drug Enforcement Agency. So they are significant cases. When we go, we typically see other criminal activity that is occurring at them, and obviously that is of concern.

We usually are able to work out the differing aspects—the different criminal allegations so they don't necessarily impede our investigation, but we are always mindful in working with our partner agencies when we are doing these investigations and they do impact other criminal statutes that are in play.

Ms. WASSERMAN SCHULTZ. Okay. Thank you, Mr. Chairman. I yield back.

Mr. BISHOP. Thank you very much.

I believe that we have completed our first round of questions, and I would like to inquire if members would like to pursue a second round. It is not necessary.

Mr. Fortenberry, I see your hand. Would you—

Mr. FORTENBERRY. Yes, Mr. Chairman.

Mr. BISHOP. Would you like to have a second round?

Mr. FORTENBERRY. Yeah. I would like a second round.

Mr. BISHOP. Very good. Then I will allow you to go ahead with your second round of questions, and I will follow you.

Mr. FORTENBERRY. Okay. Great. Thank you, Mr. Chairman. I appreciate it.

Let me return to the earlier question. Mr. Harden, were you able to secure the information that I asked during the intervening time?

Mr. HARDEN. Yes, sir, I was.

Mr. FORTENBERRY. Okay. What is your answer?

Mr. HARDEN. So, yes. In their response—and we did make the recommendation to the mission area at the Department. They indicated a multiyear approach to solving this problem.

In the current fiscal year, 2021, they are planning on to coordinate among the agencies and do some strategic planning in terms of what type of mechanism would work best for getting the information together.

In 2022, they plan on looking at how to develop that mechanism, and they do believe that there may be budgetary resources for this, so they would implement that once they got that in fiscal year 2024.

Mr. FORTENBERRY. Okay. Mr. Harden, it is not your problem. You are just the messenger here, but guess what? That is way too late, and we need this data much faster, so I will pursue that conversation with the chairman, and—but I would like to hear what your recommendations were.

Mr. HARDEN. That was the one recommendation for this report.

Mr. FORTENBERRY. So you recommended that timeline, or that was the information they gave back to you?

Mr. HARDEN. No, no, no, no. We recommended that they implement a mechanism for collecting this information so they would have the information available. This is their response—

Mr. FORTENBERRY. Do you perceive that as peculiar that it would take 3 years to get this done?

Mr. HARDEN. You know, I can't say that I am an expert in what they would need, and—

Mr. FORTENBERRY. Well, I am not either, but that seems like a long time—

Mr. HARDEN. In the—

Mr. FORTENBERRY. We are going to need this data sooner based upon the dictates of the previous law that is being implemented now. So why don't you gently convey that message, if you would, please.

Mr. HARDEN. Yes, sir. I would be glad to.

Mr. FORTENBERRY. Okay. Secondly, back to Ms. Fong, it is a question about your budget.

In 2019 or—I am sorry—in 2020—might want to pencil out. There is a couple of numbers here. In the Recovery Act of 2009, \$28 billion was allocated. Your office, the OIG, received \$22.5 million for oversight responsibilities of that money.

As your testimony pointed out, the first three COVID bills this last year, you—we provided \$61 billion. However, Congress only provided you with \$750,000 as a part of that for oversight.

In the next COVID bill under consideration, it would bring the total of \$76 billion of new spending to USDA, and you are allocated to receive \$3.3 million for oversight.

So the proportion of dollars has gone up significantly compared to the proportion of dollars to your agency for oversight. Is that a problem?

Ms. FONG. Well, I think you have put your finger on a question for us. We can only do as much oversight as we have resources to do. We felt that we had a good amount of funds for The Recovery Act, which they were no-year funds at the time, or at least they covered a number of years.

Mr. FORTENBERRY. So I didn't offer you—I didn't do the quick math with the percent. So would you say the Recovery Act allocation to you as a percent would be a fair representation of empow-

ering your agency to do its necessary work, and how does that percent compare with the latest expenditures?

Ms. FONG. Yeah. I am not good at math on the run either.

Mr. FORTENBERRY. No, I am. I just didn't do it.

Ms. FONG. I think it is fair to say that resources have changed and ebbed and flowed, and I am happy to hear 3.3 million is in the current bill. That is higher than we had initially thought. I think any funds that are given to us, we would put to very good use. As you know, we have a number of projects in play already.

Mr. FORTENBERRY. Well, I am sorry to interrupt you, Ms. Fong. I have only got a minute left, but obviously I have raised an issue. If that is a level of concern, given the important breadth and perspective on the committee—I mean, you are being asked to do a lot—I think it is important that you communicate that back to us, please—

Ms. FONG. Yes.

Mr. FORTENBERRY [continuing]. If funds are insufficient.

Let me ask you a question about broadband as well. Dr. Harris had touched upon this. So we have given you over—we have allocated over \$2 billion in the last several years for this. What are the metrics for success?

Ms. FONG. On the part of the program?

Mr. FORTENBERRY. Correct.

Ms. FONG. That is a very good question.

We would want to go back and look at RD's metrics to see if they have any and if they make sense. We have not looked at this program, I think, in several years, at a minimum.

Mr. FORTENBERRY. So let me interject. Again, I am running out of time, but, during last year, the Secretary came. And I intend to pursue this with the current secretary. Listen, the reality is we can't measure this just in terms of expenditures and wire laid. We need to measure the impacts of this assistance.

And we have made a digital leap, but is it promoting telehealth and distance learning, telework, e-commerce, precision agriculture, all the things that are essential to creating an ecosystem of livability in rural communities? That is the fundamental purpose of rural development.

We have got a huge, huge tool in our hands here. I want to make sure, though, that our metrics for success are allied with the expenditures. That is my consideration.

Ms. FONG. I think that is an excellent question.

Mr. FORTENBERRY. We may need to follow up with you on that given—I doubt there is a third round. That may be in the form of a letter, but I have verbally communicated, so I would like some ongoing dialogue about that, please.

Ms. FONG. Okay.

Mr. FORTENBERRY. Thank you. Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Fortenberry.

Let me turn back to a couple of other items that I had not covered.

One of them has to do with the Rural Housing Service. A report issued last year identified instances where inaccuracies were found in determining tenant eligibility and rent assistance amounts to tenants in the USDA Multifamily and Rental Assistance Program.

These inaccuracies resulted in underpayments as well as overpayments, are keeping limited resources from reaching tenants who critically need assistance. It is well documented that only one in four eligible for assistance receive it, effectively determining eligibility is paramount to program integrity and facilitating maximum assistance to those who need it.

So you identified the millions in rent miscalculations in the report. USDA said it would complete corrective actions by December 31st, 2020. Do you know if the previous administration did so before they left office?

Ms. FONG. I think Mr. Harden might have some insight on that.

Mr. BISHOP. You need to unmute, Mr. Harden.

Mr. HARDEN. Sorry. I thought I had pushed the button correctly.

I appreciate the question. We will need to check in with the Chief Financial Officer's Office to see if they implemented those by the end of December.

Mr. BISHOP. Another question. In your testimony, you say that you are pursuing the identification of various fraud schemes associated with the Coronavirus Food Assistance Program, which provides assistance to certain agricultural producers whose operations were directly impacted by the pandemic. This is troubling. Can you give us some idea of the scale of the fraud in terms of number of cases or the dollar value involved?

Ms. FONG. That is an excellent question. And I think, at this stage of the game, we are pursuing these analytics approaches because we want to get an idea of the potential scale. So let me ask Jenny to comment on the work she is doing with investigations—our analytics and investigations offices on this.

Ms. RONE. Thank you, Phyllis, and thank you, Mr. Chairman.

We are working very closely with the Office of Investigations in developing an analytics tool that utilizes tripwires, these understanding of the schemes of the known knowns on these cases, in order to better investigate the entire universe and look at all of the payments and how they relate to those tripwires.

So that is an ongoing process, and we are seeing good success with being able to work with investigations on establishing those analytics from a proactive perspective.

Mr. BISHOP. Thank you. I see I have a minute and 40 seconds.

Last September, you issued an audit report on the Animal and Plant Health Inspection Service's oversight of the National Veterinary Stockpile. This NVS is the animal version of the Strategic National Stockpile and is intended to allow an immediate response in the case of serious animal disease outbreaks.

You found weaknesses that seem to mirror those of FNS that came to light during the current pandemic. You said, for example, that APHIS hasn't conducted a complete physical inventory of the NVS supplies and equipment since January of 2017, and you made eight recommendations, and the agency concurred with all of the findings and recommendations.

And, in light of the issues involving that, what are the key lessons from your review of the National Vet Stockpile that you would recommend to agencies for the COVID vaccination efforts?

Ms. FONG. That is a really interesting question. As you know, we started that work before the pandemic, the COVID pandemic,

struck the country, and we, and as we issued the report, we think that there may be an opportunity here for APHIS to take a look at the recommendations we made to see if they apply to rollout of pandemic vaccines.

And the reason we say that is because we understand that USDA, especially APHIS, is part of the initiative in a number of areas around the country to deliver COVID vaccines to people, which is a different role than normal.

And we think that there may be some—some of our findings and recommendations may be applicable to this situation. APHIS might want to consider whether our recommendations on storage of vaccines, on the need for complete inventory of equipment and supplies, on the need for regular inspections of the inventory, and oversight of contractors, and dealing with emergency procedures would possibly, you know, apply to the rollout of the COVID vaccine process.

So I think that is a really interesting question to ask.

Mr. BISHOP. Thank you, Ms. Fong.

Mr. Fortenberry, you, I believe, have additional followup?

Mr. FORTENBERRY. Mr. Chairman, I think I have given enough recommendations to the OIG for today.

You seem relieved, Ms. Fong.

Ms. FONG. Enjoying the dialogue.

Mr. FORTENBERRY. Mr. Chairman, I would like to have an offline conversation with you about some of the things that are raised, given our mutual interest in some of these questions, if you would be so kind.

Mr. BISHOP. I would be delighted, Mr. Fortenberry.

Mr. FORTENBERRY. Thank you. I yield back. Thank you, sir, for the hearing.

Mr. BISHOP. Thank you. And let me thank Ms. Fong, Ms. Coffey, Mr. Harden, and Ms. Rone for your testimony, and for spending the morning with us.

Along with what we have discussed, we will forward additional questions to you for the record, homework, and we appreciate your diligence in getting your responses back to us in a timely manner.

Thank you for what you do. Thank you for what you mean to the efficiency of the Department of Agriculture.

And, with that, Mr. Fortenberry, do you have any closing remarks?

Mr. FORTENBERRY. No, sir, Mr. Chairman. Thank you for today's hearing.

Mr. BISHOP. Well, thank you, Mr. Fortenberry.

And I want to thank all of the members who were in attendance, and thank you to our staff who worked hard to put this hearing together.

And, with that, this subcommittee hearing is adjourned.

[Material submitted for inclusion in the record follows:]

UNITED STATES DEPARTMENT OF AGRICULTURE  
OFFICE OF THE INSPECTOR GENERAL (OIG)  
QUESTIONS FOR THE RECORD  
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING  
FEBRUARY 25, 2021

QUESTIONS SUBMITTED BY CHAIRMAN SANFORD BISHOP

**Staffing Levels at OIG**

1. Please update last year's table showing staffing levels (both actual on-board employees and FTEs) for every year since 1978 to present.

**Response:**

Fiscal Year (FY)	FTE Level	Staffing Level <sup>1</sup>
2021 est.	484	441 <sup>2</sup>
2020	482	447
2019	482	445
2018	482	438
2017	480	454
2016	531	500
2015	525	503
2014	525	494
2013	560	514
2012	577	558
2011	600	608
2010	623	593
2009	586	570
2008	600	584
2007	615	590
2006	639	595
2005	721	579
2004	721	597
2003	721	621
2002	723	642
2001	723	650
2000	753	670
1999	753	701
1998	750	737
1997	754	742
1996	811	754
1995	831	777
1994	850	821
1993	850	862
1992	850	876
1991	870	817
1990	860	834
1989	850	860
1988	818	835



1987	850	818
1986	880	820
1985	891	851
1984	902	879
1983	902	897
1982	901	872
1981	950	900
1980	1001	936
1979	955	988
1978	N/A <sup>3</sup>	894

<sup>1</sup> All staffing level data includes full-time, part-time, permanent, and temporary staff.

<sup>2</sup> Staffing level as of February 27, 2021.

<sup>3</sup> Historic staff ceiling level is unknown for FY 1978.

2. Please update last year's table showing funding level for each year going back to 1978 to present for personnel compensation and benefits as defined by OMB object class.

**Response:**

FY	Labor Costs (thousands)	FY	Labor Costs (thousands)
2021 est.	\$ 79,265	1998	\$ 54,000
2020	\$ 73,060	1997	\$ 52,000
2019	\$ 70,251	1996	\$ 52,000
2018	\$ 71,820	1995	\$ 52,000
2017	\$ 73,094	1994	\$ 51,651
2016	\$ 74,587	1993	\$ 50,938
2015	\$ 74,405	1992	\$ 49,751
2014	\$ 72,632	1991	\$ 43,353
2013	\$ 70,619	1990	\$ 40,193
2012	\$ 75,292	1989	\$ 38,644
2011	\$ 76,000	1988	\$ 36,090
2010	\$ 78,000	1987	\$ 33,586
2009	\$ 83,000	1986	\$ 31,893
2008	\$ 72,000	1985	\$ 32,272
2007	\$ 66,000	1984	\$ 31,919
2006	\$ 67,000	1983	\$ 31,241
2005	\$ 64,000	1982	\$ 28,672
2004	\$ 60,000	1981	\$ 27,017
2003	\$ 59,000	1980	\$ 25,100
2002	\$ 60,000	1979	\$ 23,159
2001	\$ 63,000	1978	\$ 20,531
2000	\$ 56,000		
1999	\$ 54,000		

3. Please update last year's table showing OIG's rate of staff attrition each fiscal year from 2015 to 2020 and projected for fiscal year 2021.

**Response:**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 (Projected) <sup>1</sup>
Agency Transfer - Out	6	10	12	10	8	22	15
Separation from Federal Civil Service	30	23	38	33	24	24	28
Separation - All	36	33	50	43	32	46	43
Annual OnBoard (Actuals)	503	500	454	438	445	447	449
Annual Attrition Rate	7.16	6.60	11.01	9.81	7.27	10.29	9.57

4. What USDA programs, functions, or agencies are currently of most concern to you? Please explain why the OIG holds such concerns.

**Response:** Because OIG's mission is to identify and eliminate fraud, waste, and abuse, any USDA program with identified weaknesses and vulnerabilities is of significant concern to us. Currently, due to the more than \$77.5 billion<sup>2</sup> in funding that USDA received for pandemic relief activities, ensuring proper oversight of those funds, so that the relief goes to the intended recipients, is of primary concern. Allegations of fraud associated with COVID-19 pandemic relief are also of particular concern, so we have implemented techniques designed to identify and address suspected fraud in these programs. Also, as referenced in OIG's past semiannual reports to Congress and annual reports on management challenges facing USDA, the programs and functions of most concern are those relating to food safety and security, information technology security, and improper payments in agency programs.

In 2020, we reported seven challenges that identified and consolidated broad issues that challenge the Department as a whole, as well as the unique challenges specific to certain programs.<sup>3</sup> By their nature, management challenges that we have identified facing USDA are very broad. They also require concentrated attention to address and resolve. The 2020 management challenges are consistent with

<sup>1</sup> This column includes actual attrition through the first half of FY 21 and projected attrition for the remainder of the year.

<sup>2</sup> This includes funding received from the Families First Coronavirus Response Act, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Coronavirus Response and Relief Supplemental Appropriations Act, 2021, and the American Rescue Plan Act of 2021.

<sup>3</sup> USDA OIG, *USDA Management Challenges*, June 2020.

challenges reported in 2019.<sup>4</sup> In 2020, we also reported on these seven challenges in the context of current and future USDA pandemic-related response activities.<sup>5</sup>

See table below:

Management Challenge	Details
Challenge 1: USDA Needs to Improve Oversight and Accountability for its Programs	<p>USDA managers are responsible for establishing an effective internal control system, ensuring a culture of compliance with those controls, and holding employees accountable for implementing those controls. Managers use these controls to ensure programs achieve intended results efficiently and effectively; they provide for program integrity and proper stewardship of resources. Since systemic control flaws can yield systemic program weaknesses, managers must continuously assess and improve their internal control systems.</p> <p>In FY 2020, the COVID-19 pandemic struck, resulting in the Department's increased responsibility for more than \$77.5 billion in funding for pandemic relief activities from the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, and other related legislation.<sup>6</sup> By acting to improve oversight and accountability over its programs, USDA can help ensure that programs are functioning as intended and reaching eligible program participants.</p>
Challenge 2: Information Technology Security Needs Continuous Improvement	<p>Like other Departments, USDA faces threats to its Information Technology (IT) security, including threats from bad actors with the goal to exploit information system vulnerabilities. Despite efforts to strengthen its IT security posture, the Department still has not fully complied with the standards for safeguarding IT systems. In addition, USDA will need to ensure that the IT systems the Department uses to distribute the COVID-19 relief funds are adequately secured.</p> <p>In recent years, significant breaches of information systems have increased public concern over how Government agencies protect sensitive data. Therefore, one of the Department's primary challenges is protecting the security, confidentiality, and integrity of its IT infrastructure while still</p>

<sup>4</sup> USDA OIG, *USDA Management Challenges*, September 2019.

<sup>5</sup> USDA OIG, *USDA Management Challenges for Pandemic Related Responsibilities*, June 2020.

<sup>6</sup> USDA OIG, *OIG Plan – Oversight of COVID-19 Funding*, April 2020.

	allowing authorized users to access and use this information.
Challenge 3: USDA Needs to Strengthen Program Performance and Performance Measures	Each of USDA's agencies should design, develop, and implement programs that reliably achieve their intended results. OIG has found that agencies do not always have adequate reviews or controls in place to supply the metrics necessary to evaluate program performance. As USDA implements its pandemic-related responsibilities, the Department should concentrate its efforts to ensure programs operate as designed and provide impactful outcomes.
Challenge 4: USDA Needs to Strengthen Controls over Improper Payments and Financial Management	USDA continues to be noncompliant with Federal requirements for improper payments. Also, the Department needs to address internal control deficiencies to resolve ongoing problems with financial management and reporting. As the Department implements its pandemic-related responsibilities, USDA should focus its efforts to minimize improper payments.
Challenge 5: USDA Needs to Improve Outreach Efforts	USDA has emphasized its efforts to improve outreach, stressing that the Department must make significant progress to address past civil rights issues. Due to public attention concerning how USDA has treated members of socially disadvantaged groups, the Department faces challenges in earning those groups' trust. As USDA implements relief efforts related to the pandemic, it should ensure assistance is provided to all of those in need, including socially disadvantaged groups, to further build trust with those groups.
Challenge 6: Food Safety Inspections Need Improved Controls	<p>Food safety is vital to protecting the public health. Despite progress, the Food Safety and Inspection Service (FSIS) continues to need improved controls in order to ensure the Nation's supply of meat, poultry, and egg products is correctly handled, processed, labeled, and packaged.</p> <p>FSIS is tasked with reducing contamination and limiting illnesses through the regulation of agricultural food products. OIG has found that the agency continues to face challenges, including gathering reliable data to help ensure safety verification tasks are completed, effective, and consistent. The agency should compile reliable data to verify the protection and safety of products inspected by FSIS. This challenge continues as USDA and FSIS respond to the reported impact of the pandemic on FSIS inspectors, employees at meat and poultry slaughter and processing plants, and the food production supply chain.</p>

Challenge 7: FNS Needs to Strengthen SNAP Management Controls	The Supplemental Nutrition Assistance Program (SNAP) is a critical safety net for many families and individuals in financial need. FNS needs to improve its oversight and quality control processes, or else taxpayer-funded assistance may not be delivered or used as intended. This challenge is heightened by the large increase in funding provided to SNAP, as well as other USDA nutrition programs, through COVID-19 funding. Given that USDA relies on States to implement and deliver these programs, the Department needs to provide effective oversight to the States to ensure that funding is used as intended.
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In addition, below are some examples of programs, functions, or agencies that are of most concern:

**Food Safety and Security:** We view food safety inspection as a continuing concern because food-borne pathogens and food contamination can put consumer health in jeopardy. Since our last prior testimony on March 12, 2019, we issued three audits and one inspection related to food safety and security.

To ensure that product labels are not misleading, FSIS' Labeling and Program Delivery Staff (LPDS) reviews label applications and either approves product labels or requests changes. While our audit found that FSIS' controls over its approval of labels were generally effective, we determined that 9 of 60 required label application packages were either incomplete, inaccurate, or unsupported. We also found that 11 of 60 generic label application packages were either not supported or had an applicable mandatory feature that was missing or inaccurate. In addition, while we determined that FSIS' LPDS requested changes to 657 of 878 generic labels to ensure these labels met requirements, three establishments we visited did not make the required modifications in their generic labeling records. As a result, meat, poultry, and egg product labels may reflect inaccurate statements and claims made by the establishment. Additionally, there is reduced assurance that establishments' generic labels meet requirements.<sup>7</sup>

FSIS helps ensure food safety through a series of policies and regulations that define how establishments can operate to produce a safe and wholesome product. The Salmonella Initiative Program (SIP) offers incentives to meat and poultry slaughter establishments to control Salmonella in their operations and grants waivers of certain regulatory requirements with the condition that establishments test for Salmonella and other foodborne illnesses and share all sample results with FSIS. We conducted an audit of FSIS' policies and procedures used to waive regulatory requirements and allow establishments, including those participating in SIP, to test new procedures, equipment, and meat and poultry processing techniques. We found that while FSIS project managers did receive adequate documentation to make their overall waiver assessment conclusions, they did not adequately document their analysis of the information used to support their decisions regarding line speed waivers and did not consistently use the FootPrints system for maintaining records. FSIS procedures did not always contain the level of detail necessary to ensure FSIS project managers follow a consistent method to document and upload their assessments of the supporting information. Furthermore, project managers found FootPrints difficult to use. If FSIS does not have ready access to the documentation and analysis used to support waiver decisions, the waiver process loses transparency and diminishes confidence in the FSIS protocol. We

<sup>7</sup> Audit Report 24601-0002-23, *Controls Over Meat, Poultry, and Egg Product Labels*, June 2020.

recommend that FSIS strengthen waiver documentation procedures and ensure that program managers have access to FootPrints training or a point of contact to improve the use of the system.<sup>8</sup>

**Information Technology (IT) Management and Security:** IT management and security has been a longstanding concern for USDA and, in FY 2020, we issued four reports related to these topics.<sup>9</sup> We have consistently recommended that the Office of the Chief Information Officer (OCIO) work in collaboration with USDA agencies to achieve an improved security posture. USDA senior management needs to continue its efforts in making sure each agency and office understands that how well it implements IT security directly influences USDA's overall security posture and the Federal Information Security Modernization Act (FISMA) score. In our most recent FISMA audit,<sup>10</sup> we found that the Department's overall level of security was ineffective. The degree to which USDA, as a whole, complies with FISMA and other security guidance has a direct correlation to the security posture of each agency and office. For USDA to attain a secure and sustainable security posture, all 36 agencies and offices must consistently implement Departmental policy based on a standard methodology. When every agency and office complies with USDA's policies, USDA, as a whole, will be FISMA compliant and, more importantly, will have a sustainable security posture.

**Improper Payments:** The overall improper payment rate reported by USDA has steadily increased over the last three years: 6.25 percent in FY 2018, 6.97 percent in FY 2019, and 7.08 percent in FY 2020. As reported in USDA's FY 2020 Annual Financial Report, improper payments for the high-risk programs totaled more than \$6.3 billion.

For FY 2019, USDA reported that, collectively, its 12 high-risk programs made approximately \$6.8 billion in improper payments, a 6.97 percent improper payment rate. USDA also reported 64 high-dollar overpayments totaling over \$9.5 million. This count represents an increase from the 59 overpayments reported for FY 2018.<sup>11</sup>

Our FY 2019 Improper Payment Requirements review found that 5 of USDA's 12 high-risk programs did not comply with one or both of the following requirements: meeting annual reduction targets or reporting gross improper payment rates of less than 10 percent.<sup>12</sup> The high-risk programs fall under FNS, FS, FSA/CCC, NRCS, and RMA. This occurred because the programs' corrective actions have not yielded the desired results and some programs' policies and procedures were not followed by staff. As a result, USDA was not compliant with IPERA for a ninth consecutive year.

We also found that USDA maintained the overall quality of its high-dollar overpayments reports for FY 2019. Overall, we noted no critical declines in the accuracy, completeness, or timeliness of USDA's reporting. Specifically, we found no instances of reporting errors in our review of the random, nonstatistical samples of overpayments reported. Additionally, the reports included easy-to-understand information regarding the reasons for the overpayments reported and the actions and strategies to recover and prevent overpayments. Furthermore, the information presented about those responsive

<sup>8</sup> Audit Report 24601-0007-31, *FSIS Waiver of Regulatory Requirements*, March 2021.

<sup>9</sup> The four reports were: Audit Report 50503-0002-12, *FY 2019 Federal Information Security Modernization Act*, October 2019; Inspection Report 50801-0001-12, *Implementation of the IT Modernization Centers of Excellence Improvements*, September 2020; Audit Report 50501-0023-12, *U.S. Department of Agriculture's 2020 Compliance with the Geospatial Data Act*, September 2020; and Audit Report 50501-0022-12, *Security Over Select USDA Agencies' Networks and Systems FY 2019*, September 2020.

<sup>10</sup> Audit Report 50503-0003-12, *FY 2020 Federal Information Security Modernization Act*, October 2020.

<sup>11</sup> Audit Report 50024-0015-11, *U.S. Department of Agriculture's Fiscal Year 2019 Compliance with Improper Payment Requirements*, May 2020.

<sup>12</sup> Audit Report 50024-0015-11, *U.S. Department of Agriculture's Fiscal Year 2019 Compliance with Improper Payment Requirements*, May 2020.

actions and strategies appears appropriate, reasonable, and achievable in relation to the reported reasons for the overpayments. Lastly, the Department was timely in processing all of its report submissions to OIG. We determined that USDA applied the appropriate level of oversight on its high-dollar overpayments reporting.

We are currently reviewing USDA's FY 2020 compliance with improper payment requirements, including the reporting of high-dollar overpayments.

#### Hotline Complaints

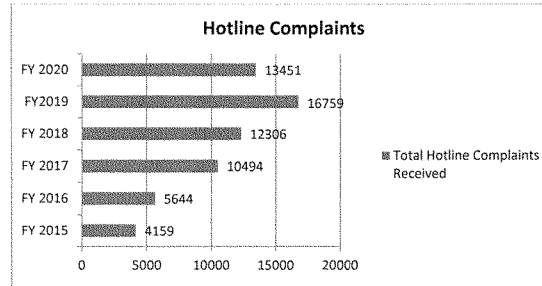
5. Please provide the number of hotline complaints related to farm program payments for each fiscal year 2015 through 2020 and include a description for the complaints.

**Response:** The OIG Hotline receives complaints regarding farm program payments and related fraud/abuse. The complaints typically involve allegations of producers and/or entities falsifying information in order to receive farm program payments, the forging of signatures on contracts and other documents, and misuse of farm program funds.

- In FY 2015, the OIG Hotline received four complaints related to farm program payments or related fraud/abuse. One complaint pertained to using loan funds for purposes other than purchasing livestock; one complaint pertained to forgery of information in order to receive funds for a cattle farm; one complaint pertained to defaulting on a loan for farm equipment; and one complaint pertained to providing false information in order to receive farm program payments.
- In FY 2016, the OIG Hotline received two complaints. One complaint pertained to the misuse of funds to improve property for financial gain and one complaint pertained to the falsification of information in order to obtain funds.
- In FY 2017, the OIG Hotline received seven complaints. Five complaints pertained to the falsification of information in order to obtain funds; two complaints pertained to misuse of funds and using funds for personal items.
- In FY 2018, the OIG Hotline received six complaints. Two complaints pertained to falsification of information in order to obtain funds; one complaint pertained to hiding farm equipment and then claiming the equipment was stolen; one complaint pertained to forging of signatures on contracts; one complaint pertained to misuse of funds to build a home and a garage; one complaint pertained to the embezzlement of funds.
- In FY 2019, the OIG Hotline received two complaints. The two complaints pertained to falsification of information.
- In FY 2020, the OIG Hotline received four complaints related to farm program payments or related fraud/abuse. One complaint pertained to disposal of collateral without proper authorization; one complaint pertained to listing the farm in different names in order to obtain additional funds; and two complaints pertained to falsification of information.

6. Please update last year's graph of hotline complaints to include fiscal years 2015 through 2020.

**Response:**



#### OIG Audits, Investigations and General Information Requests

7. Please update last year's table showing the financial statement audits OIG contracts for and those conducted in-house, as well as the cost of each audit for fiscal years 2015 through 2020.

**Response:** See table below:

Audited Agency	Method of Performance	FY 2015 Actual Cost	FY 2016 Actual Cost	FY 2017 Actual Cost	FY 2018 Actual Cost	FY 2019 Actual Cost	FY 2020 Actual Cost <sup>15</sup>
Federal Crop Insurance Corporation *	In-House	\$1,521,728	\$1,204,335	\$1,386,576	\$1,574,995	\$1,502,453	\$1,959,691
Commodity Credit Corporation	Contract	\$2,018,971	\$1,577,921	\$1,454,350	\$1,478,136	\$1,441,530	\$1,327,171
Food Nutrition Service	In-House	\$1,732,214	\$1,109,403	\$1,251,169	\$1,573,410	\$1,417,589	\$1,318,065
Rural Development**	In-House	\$1,612,851	\$1,790,182	\$1,799,601	\$2,074,527	\$2,096,399	\$2,192,605
Natural Resources Conservation Service	Contract	\$1,410,364	\$1,463,320	\$1,446,031	\$1,456,449	\$1,436,511	\$1,229,340

<sup>15</sup> Actual costs for several audits decreased between FY 2019 and FY 2020, which we attributed to the following: (1) no travel across all audits in FY 2020 due to COVID-19; (2) a modification for CCC was necessary for additional work in FY 2019, which increased the price (this did not occur in FY 2020); and (3) auditor cost per day was less in FY 2020.



USDA Consolidated and Closing Package***	In-House	\$3,307,354	\$3,226,852	\$3,242,935	\$3,941,771	\$3,724,770	\$3,552,490
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\*Starting in FY 2015, FCIC's financial statement audit was performed in-house and the estimation insurance claims methodology section of the audit was performed under contract.

\*\* The audit was performed by OIG; however, the credit reform review was performed under contract.

\*\*\*Prior to FY 2019, we issued two reports from our audit work on USDA's consolidated financial statements: (1) USDA's Consolidated Financial Statements; and (2) USDA's Closing Package Financial Statements. Beginning in FY 2019, a separate audit and report of USDA's Closing Package Financial Statements was no longer required, leading to decreased costs in FY 2019 and FY 2020.

8. Please update last year's table showing the amount of funds expended for public accountants hired under contract for fiscal years 2015 through 2020.

**Response:** See table below:

Audited Agency	Method of Performance	FY 2015 Actual Cost	FY 2016 Actual Cost	FY 2017 Actual Cost	FY 2018 Actual Cost	FY 2019 Actual Cost	FY 2020 Actual Cost
Type of work the independent public accounting firm performs:							
<ul style="list-style-type: none"> <li>FCIC: Starting with FY 2015, FCIC's financial statement audit was performed in-house and the estimation insurance claims methodology section of the audit was performed under contract. IT general application control work was also performed under contract in FY 2020 to support the financial statement audit.</li> <li>CCC: The entire financial statement audit was performed under contract.</li> <li>RD: The financial statement audit was performed by OIG; however, the credit reform review was performed under contract. IT general application control work was also performed under contract in FY 2020 to support the financial statement audit.</li> <li>NRCS: The entire financial statement audit was performed under contract.</li> <li>USDA Consolidated: IT general application control work was also performed under contract in FY 2020 to support the financial statement audit.</li> <li>OCIO: In FY 2020, the Federal Information Security Modernization Act (FISMA) audit was performed under contract.</li> </ul>							
Federal Crop Insurance Corporation*	In-House	\$229,716	\$191,458	\$195,319	\$206,744	\$215,275	\$272,348
Commodity Credit Corporation	Contract	\$1,892,481	\$1,474,264	\$1,360,078	\$1,384,074	\$1,359,734	\$1,279,095
Rural Development *	In-House	\$237,218	\$243,917	\$225,640	\$233,013	\$235,943	\$398,140
Natural Resources Conservation Service	Contract	\$1,362,955	\$1,394,735	\$1,396,064	\$1,379,349	\$1,354,715	\$1,152,984
USDA Consolidated *	In-House	NA	NA	NA	\$393,675	\$449,429	\$169,230
OCIO	Contract	NA	NA	NA	\$693,613	\$707,480	\$721,625

\* Prior to FY 2020, the total cost for the IT general application control work was reported under the USDA Consolidated audit. Beginning in FY 2020, this cost was based on the system reviewed, and was allocated to each respective agency based on the system reviewed. The systems reviewed vary each fiscal year.

Type of work the independent public accounting firm performs: OIG contracted with a public accounting firm to perform attestation engagements in accordance with government auditing standards.							
Food and Nutrition Service	Contract	NA	\$691,098	\$1,160,369	\$320,253	NA	NA
Office of the Chief Financial Officer	Contract	\$253,287	\$283,090	\$291,482	\$288,791	\$279,321	\$214,900**
Type of work the IT consultant performs: OIG contracted with an IT consultant firm to perform oversight reviews on USDA's implementation of the Continuous Diagnostics and Mitigation (CDM) project.							
Office of the Chief Information Officer	Contract	NA	\$451,794	\$403,139	\$247,264	NA	NA

\*\*For the FY 2020 contract, the last invoice, anticipated to be \$140,412, has not been received but will bring the total estimated cost to \$355,312. For FY 2020, there was an adverse opinion, which delayed the report and required more time. See audit report 11403-0003-12, *Independent Service Auditor's Report on the National Finance Center's Description of its Payroll and Personnel System and the Suitability of the Design and Operating Effectiveness of its Controls for October 1, 2019 to June 30, 2020*, November 2020.

9. Please provide an update for all current findings of material weakness for fiscal year 2020. Specifically, list the finding, OIG's recommendation and the current status.

**Response:** The following table provides all current findings of material weakness for fiscal year 2020 (data is as of March 18, 2021).

FY 2020 Material Weaknesses Findings and Recommendations	Status (Reached Management Decision)
<b>FY 2020 USDA Consolidated Financial Statements, Assignment No. 50401-0019-11</b>	
<b>Finding 1:</b> Improvements are needed in overall financial management. <b>Recommendation:</b> Since USDA has actions planned and in progress, we are making no further recommendations herein.	N/A
<b>Finding 2:</b> Improvements are needed in overall Information Technology Security Program. <b>Recommendation:</b> Nine new recommendations were issued based on security weaknesses identified in the FY 2020 FISMA report. The Department concurred with our findings and recommendations. As a result, we are making no further recommendations in this report.	N/A
<b>FY 2020 CCC Financial Statements, Assignment No. 06403-0003-11</b>	
<b>Finding 1:</b> Material Weaknesses in Internal Control over Financial Reporting.	

FY 2020 Material Weaknesses Findings and Recommendations	Status (Reached Management Decision)
<b>Recommendation 1:</b> Update its SOP and provide necessary training related to the review of obligations recorded at year-end.	Yes
<b>Recommendation 2:</b> Continue the design and implementation of effective processes, procedures, and controls to accurately identify those ARC/PLC contracts that are approved at fiscal year-end within CCC's financial systems in order to only obligate activities related to approved contracts.	Yes
<b>Recommendation 3:</b> Continue the design and implementation of effective automated budgetary funds control within its accounting system(s) to ensure that funds control violations do not occur. (Repeat Recommendation)	N/A
<b>Recommendation 4:</b> Implement effective processes, procedures, and controls over the ARC/PLC year-end accrual to ensure the completeness and accuracy of the underlying data.	Yes
<b>Finding 2:</b> Compliance and Other Matters.	
<b>Recommendation 5:</b> Implement the recommendations presented in Exhibit I, to resolve the instances of noncompliance with FFMIA.	Yes
<b>FY 2020 NRCS Financial Statements, Assignment No. 10403-0003-11</b>	
<b>Finding 1:</b> Improved Controls are Needed Over Obligations and Undelivered Orders (Repeat Condition).	
<b>Recommendation 1:</b> Refine and implement necessary enhancements to FMMI processes to better address the reliability of the period of performance data. (Repeat Recommendation)	N/A
<b>Recommendation 2:</b> Develop and implement a process that tracks agreement progress to ensure all signed agreements have been recorded in the general ledger. (Repeat Recommendation)	N/A
<b>Recommendation 3:</b> Monitor open obligations (USSGL accounts 4801, <i>Undelivered Orders – Obligations, Unpaid</i> , and 4802, <i>Undelivered Orders – Obligations, Prepaid/Advanced</i> ) to ensure that they are recorded in the appropriate period and liquidated timely. (Repeat Recommendation)	N/A
<b>Recommendation 4:</b> Provide adequate training to personnel related to the documentation requirements for support transactions. (Repeat Recommendation)	N/A
<b>Recommendation 5:</b> Develop and implement a process that ensures NRCS is utilizing a complete and accurate obligation population for the calculation of the corporate accrual, and formally document an analysis of any differences that are identified from the review.	Yes
<b>Finding 2:</b> Improved Controls are Needed Over Expenses (Repeat Condition).	
<b>Recommendation 6:</b> Enhance policy and control procedures for the accuracy and consistent application of period end accruals. (Repeat Recommendation)	N/A

FY 2020 Material Weaknesses Findings and Recommendations	Status (Reached Management Decision)
<b>Recommendation 7:</b> Provide adequate training to personnel relating to the accrual policy. (Repeat Recommendation)	N/A
<b>Recommendation 8:</b> Provide additional guidance and/or training to employees over the recording of transactions with future economic benefits. (Repeat Recommendation)	N/A
<b>Recommendation 9:</b> Implement policies and procedures to perform a quarterly analysis over open obligations marked for review that received no responses from responsible parties to determine if a material amount is being omitted from accrued expenses.	Yes
<b>Recommendation 10:</b> Design, implement, and document policies and procedures to ensure that internal use software is completely and accurately recorded in the general ledger. Such policies and procedures should include a requirement for vendor invoices to be in sufficient detail to provide management with information needed to determine whether incurred costs satisfy the capitalization criteria, as required by Federal Accounting Standards Advisory Board.	Yes
<b>Recommendation 11:</b> Assess the competency of personnel who monitor the service organizations and their performance. NRCS management should appropriately align knowledgeable resources to identify and assess the complementary user entity controls (CUECs) that are integral to the effective internal control operations of its service organizations. Identification and assessment of CUECs should include consideration of the following Are there any CUECs identified by the service organization that are relevant to the entity?; Are the CUECs identified, implemented and operating effectively at NRCS?; and If the service auditor's report cannot be relied on (i.e., if there is an uncovered subservice organization), what compensating controls, if any, are needed? (Repeat Recommendation)	N/A
<b>Recommendation 12:</b> As part of their assessment of service and subservice organizations' Service Organizations Controls (SOC) reports, determine whether controls at the service organizations are suitably designed and implemented to prevent, or detect and correct, processing errors that could result in a material misstatement in NRCS' financial statements.	Yes
<b>Finding 3:</b> Improved Entity Level Controls are Needed (Repeat Condition)	N/A
<b>Recommendation 13:</b> Design adequate monitoring controls around its annual risk assessment process to better address transactions with higher risk of error and to better facilitate availability of documentation related to these transactions; specifically, controls over completeness and accuracy related to the data used in monitoring controls. (Repeat Recommendation)	N/A
<b>Recommendation 14:</b> Identify the appropriate resources and provide guidance to ensure that such resources understand their roles,	N/A

FY 2020 Material Weaknesses Findings and Recommendations	Status (Reached Management Decision)
<p>responsibilities, and are adequate for the needs of the agency. (Repeat Recommendation)</p> <p><b>Recommendation 15:</b> Consider the structure of the agency and establish reporting lines and organizational structure to define, assign, and limit authorities and responsibilities.</p> <p><b>Recommendation 16:</b> Establish policies and practices to: evaluate competence and address shortcomings of personnel; attract, develop, and retain individuals; and plan and prepare for succession.</p> <p><b>Recommendation 17:</b> Hold individuals accountable for their internal control over financial reporting responsibilities in the pursuit of NRCS' financial reporting objective.</p> <p><b>Recommendation 18:</b> Evaluate and communicate deficiencies in internal control over financial reporting in a timely manner to those parties responsible for taking corrective action, including senior management and those charged with governance, as appropriate.</p> <p><b>Recommendation 19:</b> Continue to review and revise as necessary its internal control program to plan, perform, monitor, and report and communicate a comprehensive, adequate, and appropriate internal assessment of the operating effectiveness of internal controls. Establish clear timelines to implement and close corrective action plans and provide adequate training to process owners to create relevant and attainable plans that can be successfully completed within one year.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
FY 2020 FCIC/RMA Financial Statements Audit, Assignment No. 05401-0012-11	
<p><b>Finding 1:</b> Improvements are Needed Over the Insurance Loss Estimation Process.</p> <p><b>Recommendation 1:</b> Perform a risk assessment to identify critical data inputs and risk points within the indemnities estimate model, identify areas in the model execution process that can be prone to manual error, and design procedures to evaluate the completeness and accuracy of critical data inputs and respond to the risk of errors within the model execution process.</p> <p><b>Recommendation 2:</b> Review, update and document policies, procedures, and controls (including reviewing official roles and responsibilities) to review any model program or data preparation query changes to validate the appropriateness of the changes.</p> <p><b>Recommendation 3:</b> Design a review checklist to include a secondary review or validation to ensure completeness and accuracy of files used in the model execution process.</p> <p><b>Recommendation 4:</b> Perform and document a formal assessment on the reasonableness and appropriateness of the critical inputs for its insurance loss estimates.</p> <p><b>Recommendation 5:</b> Enhance documentation related to the methods, inputs, and assumptions used in its insurance loss estimates, including their relevance and reliability for financial reporting objectives. Periodically, evaluate and formally document its evaluation of the continued</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

FY 2020 Material Weaknesses Findings and Recommendations	Status (Reached Management Decision)
<p>appropriateness of critical methods, inputs and assumptions that support the accounting estimates.</p> <p><b>Recommendation 6:</b> Create and maintain process documentation supporting the process and assumptions used for the Dairy Revenue Protection Program (DRRP) estimate and periodically, evaluate and document the appropriateness of the critical methods, inputs, and assumptions used.</p>	Yes

10. Please give us an update on your initiatives to close open audit recommendations. What kind of progress are the agencies making? Are you getting appropriate cooperation from USDA?

**Response:** USDA's Office of the Chief Financial Officer (OCFO) is responsible for closing audit recommendations. This includes reviewing and approving agency requests for closure (final action) and tracking the closure status of audit recommendations. In September 2017, we issued our audit on Departmental Oversight of Final Action on OIG Audit Recommendations (Audit Report 1601-0001-41) and found that OCFO needed to strengthen its controls over the final action process. In response to this audit, OIG developed a new tool (i.e., final action verification (FAV)) to ensure OCFO has followed OIG's recommendations.

During FY 2018, OIG began conducting FAVs as a pilot program to review documentation accepted by OCFO as evidence of final action. We have continued to use FAVs to ensure that OCFO has obtained sufficient documentation to close OIG recommendations. To date, OIG has issued 15 FAVs and found that the documentation provided by the agency to close recommendations was sufficient for 127 of the 131 recommendations. For the four recommendations, from three FAVs,<sup>14</sup> where OIG found the documentation insufficient to close the recommendation, OCFO agreed to reopen those recommendations in its Audit Follow-up Tracking and Reporting (AFTR) system. OCFO also agreed to notify the auditee agency of the results of the FAV that details the reason(s) why the agency-provided documentation was insufficient for final action. In each agency notification, OCFO informed the agency that the recommendation(s) were to be reopened and would remain open until OCFO received sufficient documentation to support final action.<sup>15</sup> The auditee agency since provided sufficient documentation to support final action on all four recommendations that were reopened. OIG has one FAV in process: RHS Single Family Housing Guaranteed Loan Program – Liquidation Value Appraisals.

11. Please update last year's table showing the amount spent for confidential operational activities for fiscal years 2015 through 2020.

<sup>14</sup> The three FAVs were: Report 60026-0001-21, *Final Action Verification-Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights*, October 2019; Report 08026-0001-24, *Final Action Verification-Audit of Forest Service's Next Generation and Legacy Air Tanker Contract Awards*, December 2019; and Report 24026-0002-22, *Final Action Verification-Audit of Food Safety and Inspection Service Ground Turkey Inspection and Safety Protocols*, February 2020.

<sup>15</sup> For each of the three FAVs noted, OCFO agreed to contact each of the respective agencies by the following dates to notify them that their recommendations were to be reopened: Office of the Assistant Secretary for Civil Rights: November 8, 2019, Forest Service: December 30, 2019, and Food Safety and Inspection Service, January 31, 2020.

Response:

Fiscal Year	Available	Spent
2015	\$125,000	\$78,089
2016	\$125,000	\$64,145
2017	\$125,000	\$83,443
2018	\$125,000	\$38,535
2019	\$125,000	\$19,928
2020	\$125,000	\$26,336

\*

12. Please update last year's summary of complaints from the OIG Hotline for fiscal year 2020.

**Response:** The below referenced chart summarizes the categories of OIG Hotline complaints received in FY 2020.

Hotline Complaints Summary	
FY 2020 Hotline Complaints Received	
Total No. of Complaints Received	13,451
Employee Misconduct	362
Participant Fraud*	12,666
Waste/Mismanagement	235
Health/Safety Problem	68
Opinion/Information	118
Bribery	2
Reprisal	0

\*This category encompasses various forms of fraud. In FY 2020, of the total 13,451 complaints, there were 11,902 complaints involving SNAP fraud that were directly referred to FNS for action.

13. Please update last year's table showing the number of audit reports, investigative reports, indictments, convictions, and lawsuits filed for fiscal year 2020.

**Response:** The requested information for FY 2020 follows:

Audit Reports—Final <sup>16</sup>	37
Audit Reports—Interim	1
Inspection Reports	6
Final Action Verification Reports	9
Coronavirus Memoranda*	2

<sup>16</sup> Two of the 37 final reports were non-audit services, which are not covered by Government Auditing Standards.

Investigative Reports	213
Indictments	294
Convictions	345
Lawsuits Filed	2

\* These two memoranda assisted FNS and FS in their COVID-19 response by reviewing audit recommendations that could affect internal controls over COVID-19 activities for each agency.

14. How were the indictments resolved, and what percent led to convictions? Please report for the latest data available.

**Response:** For FY 2020, 99.4% of indictments led to convictions. The period of time to obtain court action on an indictment varies widely; therefore, indictments claimed in a time period do not necessarily correspond to the convictions claimed in that same time period.

15. Please update last year's information and table related to the work the IG is doing in regard to whistleblower complaints.

**Response:** OIG receives complaints from many sources including, but not limited to, Federal and State employees as well as the general public. Any individual who contacts OIG to report an allegation of fraud, waste, abuse, or mismanagement is considered a potential whistleblower. Each Hotline complaint received is reviewed and a determination is made whether the matter should be addressed by OIG; referred to the appropriate USDA agency for review, response, and appropriate action; or referred to the appropriate Federal government agency for any action if deemed appropriate. The total number of all categories of complaints received through the Hotline between FYs 2015 and 2020 is reflected in the table below, as are the per FY-specific breakdown numbers.

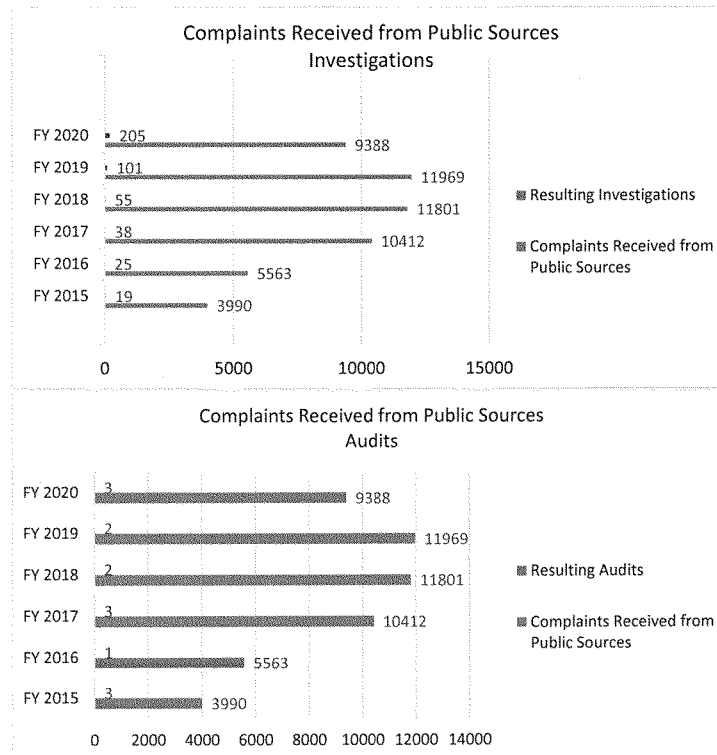
The OIG Hotline also tracks complaints from Federal and State employees and the general public that are investigated under the National Defense Authorization Act (NDAA), 41 USC 4712, which provides protections for employees of contractors and grantees. The total number of NDAA complaints received between FY 2015 and FY 2020 is reflected in the table below by FY, and these complaints are included in the investigations totals below. Additionally, the table reflects the number of whistleblower and NDAA complaints converted into audits and investigations.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Audits</b>	3	1	3	2	5	5
<b>Investigations</b>	29	34	78	62	132	289
<b>Total Hotline Complaints Received</b>	4,159	5,644	10,494	12,306	16,759	13,451



16. Please update the number of complaints OIG received from outside groups in fiscal years 2015 through 2020. How many open investigations and reviews are related to these complaints?

**Response:** OIG considers all complaints received to be potential whistleblower complaints. However, OIG tracks complaints received from public sources through the OIG Hotline that lead to and/or result in audits or investigations.<sup>17</sup>



17. Please update for the record amounts transferred to OIG through the granting of a Petition for Remission or Mitigation for fiscal years 2015 through 2020. Provide an explanation of the use of these funds by OIG and specific expenses funded in fiscal year 2020 by each fund.

<sup>17</sup> The data figures represented on both charts are too small statistically to be depicted visually via the bar graphic. However, the numerical numbers of investigations and investigations per FY are noted on the graph.

**Response:** The amounts below represent the total asset forfeiture funds received on granted petitions for remission or mitigation:

Receipt of Petition Funds			
Fiscal Year	Department of Treasury	Department of Justice	Totals
2014	\$1,124,225	\$818,495	\$1,942,720
2015	\$576,090	\$72,570	\$648,660
2016	184,587	\$128,970	313,517
2017	\$1,530,094	\$2,299,556	\$3,829,650
2018	\$469,418	\$1,823,141	\$2,292,559
2019	\$172,452	\$6,510,896	\$6,683,348
2020	\$548,894	\$43,633	\$337,085

\*Actual receipts as of March 19, 2021

18. How many OIG employees currently receive Law Enforcement Availability Pay?

**Response:** As of March 22, 2021, OIG presently has 129 employees receiving Law Enforcement Availability Pay.

19. Please update last year's table showing OIG-owned firearms, including the size and general purpose of the firearms.

**Response:**

OIG Owned Firearms (Inventory as of 03/22/21)		
Type of Firearms	Number	General Purpose
.40 cal. semiautomatic pistols (includes Glock models 23 and 27)	268*	Assigned to each Special Agent and carried while carrying out their law enforcement authorities. This number also includes firearms that are stored in inventory for issuance as needed.
MP-5s	135	Carried during the execution of high-risk arrest and search warrant operations.
UMP40s	0**	
.357 cal. Revolvers	4	Used in undercover operations.
.38 cal. Revolvers	2	Used in undercover operations.
12-gauge shotguns	91	Carried during the execution of high-risk arrest and search warrant operations.

<b>OIG Owned Firearms</b> (Inventory as of 03/22/21)		
Miscellaneous weapons maintained for training purposes	115***	These are semi-automatic pistols, MP-5s, and shotguns, which are the firearms OIG agents carry as described above. However, they are unable to fire live rounds. The weapons are used only for training.
<b>Total</b>	<b>615</b>	

\*This number has increased by two as two Glock model 23 firearms previously assigned as training weapons were converted to live-fire weapons. This took place in 2017. As such, the prior number reported in OIG's responses to the March 12, 2019 questions for the record were erroneously reported as 266, and should have been reported as 268.

\*\*OIG originally possessed 85 UMP40's; however, OIG returned all UMP40's to H&K where these firearms were subsequently replaced with 52 new MP5's.

\*\*\*This number has decreased by two because of abovementioned reasons.

20. Please update last year's table showing the allocation of OIG's resources and the percent of each that went towards investigations and audits of each USDA agency for fiscal year 2020 and estimates for fiscal year 2021.

**Response:**

<b>FY 2020 Audit (Actual)</b>						
<i>Agency</i>	<i>Total OIG Dollars in Thousands</i>	<i>OIG Staff Years</i>	<i>Audit Dollars in Thousands</i>	<i>Percentage of OIG Dollars per Agency</i>	<i>Audit Staff Years</i>	<i>Percentage of OIG Staff Years per Agency</i>
RMA	\$5,154	24	\$1,992	2%	10	2%
FSA	12683	60	6,292	7%	31	8%
FAS	2150	10	1194	1%	6	1%
FNS-SNAP	18,498	84	1,878	2%	9	2%
FNCS-OTHER	5762	27	2,424	3%	12	3%
AMS	4290	20	1,830	2%	9	2%
APHIS	11831	56	5536	6%	27	6%
FSIS	4043	19	2,119	2%	10	2%
ARS	232	1	8	0%	0	0%
NIFA	207	1	14	0%	0	0%

REE	1372	7	1,372	1%	7	2%
RD	1695	8	1,695	2%	8	2%
RBS	1076	5	0	0%	0	0%
RHS	3869	18	1,248	1%	6	1%
RUS	377	2	291	0%	1	0%
FS	3868	18	2,028	2%	10	2%
NRCS	495	2	158	0%	1	0%
OASCR	1584	8	1584	2%	8	2%
OCFO	831	4	789	1%	4	1%
OCIO	190	1	141	0%	1	0%
OIG (internal)	5295	26	5270	6%	26	6%
Multi- Agency	7651	37	7,578	8%	37	9%
CCC	61	0	61	0%	0	0%
DM	1106	5	1106	1%	5	1%
Disaster Mgmt.	96	1	0	0%		0%
OCRE	667	3	0	0%	0	0%
SEC	36	0	0	0%	0	0%
<b>Total</b>	<b>\$95,119</b>	<b>447</b>	<b>\$46,608</b>	<b>49%</b>	<b>228</b>	<b>51%</b>

FY 2020 Investigations (Actual)						
<i>Agency</i>	<i>Total OIG Dollars in Thousands</i>	<i>OIG Staff Years</i>	<i>Investigation Dollars in Thousands</i>	<i>Percentage of OIG Dollars per Agency</i>	<i>Investigation Staff Years</i>	<i>Percentage of OIG Staff Years per Agency</i>
RMA	\$5,154	24	\$3,163	3%	14	3%
FSA	12683	60	6392	7%	29	6%
FAS	2150	10	956	1%	4	1%
FNS- SNAP	18,498	84	16619	17%	75	17%
FNCS- OTHER	5762	27	3337	3%	15	4%
AMS	4290	20	2459	3%	11	2%
APHIS	11831	56	6295	8%	28	7%
GIPSA						
FSIS	4043	19	1924	2%	9	2%
ARS	232	1	222	0%	1	0%

NIFA	207	1	192	0%	1	0%
REE	1372	7	0	0%	0	0%
RD	1695	8	1	0%	0	0%
RBS	1076	5	1076	1%	5	1%
RHS	3869	18	2622	3%	12	3%
RUS	377	2	84	0%	0	0%
FS	3868	18	1840	2%	8	2%
NRCS	495	2	337	0%	2	0%
OASCR	1584	8	1	0%	0	0%
OCFO	831	4	42	0%	0	0%
OCIO	190	1	48	0%	0	0%
OIG (internal)	5295	26	24	0%	0	0%
Multi- Agency	7651	37	78	0%	0	0%
CCC	61	0	0	0%	0	0%
DM	1106	5				
Disaster Mgmt.	96	1	96	0%	1	0%
OCRE	667	3	667	1%	3	1%
SEC	36	0	36	0%	0	0%
<b>Total</b>	<b>\$95,119</b>	<b>447</b>	<b>\$48,511</b>	<b>51%</b>	<b>218</b>	<b>49%</b>

FY 2021 Audit (Estimate*)						
Agency	Total OIG Dollars in Thousands	OIG Staff Years	Audit Dollars in Thousands	Percentage of OIG Dollars per Agency	Audit Staff Years	Percentage of OIG Staff Years per Agency
RMA	\$5,154	24	\$1,992	2%	10	2%
FSA	12683	60	6,292	7%	31	8%
FAS	2150	10	1194	1%	6	1%
FNS- SNAP	18,498	84	1,878	2%	9	2%
FNCS- OTHER	5762	27	2,424	3%	12	3%
AMS	4290	20	1,830	2%	9	2%
APHIS	11831	56	5536	6%	27	6%
FSIS	4043	19	2,119	2%	10	2%
ARS	232	1	8	0%	0	0%
NIFA	207	1	14	0%	0	0%

REE	1372	7	1,372	1%	7	2%
RD	1695	8	1,695	2%	8	2%
RBS	1076	5	0	0%	0	0%
RHS	3869	18	1,248	1%	6	1%
RUS	377	2	291	0%	1	0%
FS	3868	18	2,028	2%	10	2%
NRCS	495	2	158	0%	1	0%
OASCR	1584	8	1584	2%	8	2%
OCFO	831	4	789	1%	4	1%
OCIO	190	1	141	0%	1	0%
OIG (internal)	5295	26	5270	6%	26	6%
Multi-Agency	7651	37	7,578	8%	37	9%
CCC	61	0	61	0%	0	0%
DM	1106	5	1106	1%	5	1%
Disaster Mgmt.	96	1	0	0%		0%
OCRE	667	3	0	0%	0	0%
SEC	36	0	0	0%	0	0%
<b>Total</b>	<b>\$95,119</b>	<b>447</b>	<b>\$46,608</b>	<b>49%</b>	<b>228</b>	<b>51%</b>

FY 2021 Investigations (Estimate*)						
Agency	Total OIG Dollars in Thousands	OIG Staff Years	Investigation Dollars in Thousands	Percentage of OIG Dollars per Agency	Investigation Staff Years	Percentage of OIG Staff Years per Agency
RMA	\$5,154	24	\$3,163	3%	14	3%
FSA	12683	60	6392	7%	29	6%
FAS	2150	10	956	1%	4	1%
FNS-SNAP	18,498	84	16619	17%	75	17%
FNCS-OTHER	5762	27	3337	3%	15	4%
AMS	4290	20	2459	3%	11	2%
APHIS	11831	56	6295	8%	28	7%
GIPSA						
FSIS	4043	19	1924	2%	9	2%
ARS	232	1	222	0%	1	0%

NIFA	207	1	192	0%	1	0%
REE	1372	7	0	0%	0	0%
RD	1695	8	1	0%	0	0%
RBS	1076	5	1076	1%	5	1%
RHS	3869	18	2622	3%	12	3%
RUS	377	2	84	0%	0	0%
FS	3868	18	1840	2%	8	2%
NRCS	495	2	337	0%	2	0%
OASCR	1584	8	1	0%	0	0%
OCFO	831	4	42	0%	0	0%
OCIO	190	1	48	0%	0	0%
OIG (internal)	5295	26	24	0%	0	0%
Multi- Agency	7651	37	78	0%	0	0%
CCC	61	0	0	0%	0	0%
DM	1106	5				
Disaster Mgmt.	96	1	96	0%	1	0%
OCRE	667	3	667	1%	3	1%
SEC	36	0	36	0%	0	0%
<b>Total</b>	<b>\$95,119</b>	<b>447</b>	<b>\$48,511</b>	<b>51%</b>	<b>218</b>	<b>49%</b>

\*FY21 Workload Information is not available until November 2021.

#### Top Three Priorities for Fiscal Year 2022

21. Please provide the Subcommittee with the IG's plans for the upcoming fiscal year.

**Response:** We plan our work by prioritizing work that is critical to accomplishing our Strategic Goals:

Strategic Goal	
Goal 1:	Strengthen USDA's ability to protect public health and safety and to secure agricultural and Department resources.
Goal 2:	Strengthen USDA's ability to deliver program assistance with integrity and effectiveness.
Goal 3:	Strengthen USDA's ability to achieve results-oriented performance.

Our Annual Plan highlights these strategic goals as well as other areas that we have identified as challenges within the Department.<sup>18</sup> In 2020, we reported seven Management Challenges that identified and consolidated broad issues that challenge the Department as a whole, as well as the unique challenges specific to certain programs.<sup>19</sup> Additional details regarding these challenges are presented in response to question 4 above.

The Office of Investigations addresses incoming allegations and complaints, taking into consideration our strategic goals, management challenges, dollar amount of potential fraud, level of risk to USDA programs, prosecutable potential, and several other factors during the course of planning out all our investigative work. During FY 2021, we will focus on bringing on-going investigations to completion. As noted in several places within this document, we have investigative work in numerous USDA programs.

During FY 2021, the Office of Analytics and Innovation (OAI) is focusing on the development of business intelligence product prototypes. These product prototypes will help to analyze USDA program data in order to identify potential relationships, patterns, anomalies, and trends that can then be addressed through audits or investigations, as appropriate.

With significant funding allocated by USDA for COVID-19 relief efforts, each component within OIG, Audit, Investigations, and OAI will focus on conducting oversight in this area. OIG has developed a strategic plan to oversee relief efforts to outline generally the work each area has planned.<sup>20</sup> See further discussion of OIG's COVID-19 oversight work in response to question 23 below.

22. Please provide the IG's "top three" priorities for investigations and audits for the upcoming fiscal year.

**Response:** OIG's top three priorities for fiscal year 2021 focus on critical USDA programs and activities of national importance. A factor that affects this year's plan is the COVID-19 pandemic.

Our audits and investigations continue to address the need for safety and security in Department programs and resources. For example, we are evaluating FSIS' COVID-19 pandemic response at meat and poultry establishments while also conducting a pulse survey of front-line inspectors. We investigate threats involving the safety of meat, poultry, and egg products to ensure timely response and initiation of appropriate corrective actions to protect the public from food tampering or tainted food. Our work focuses on issues such as the ongoing challenges of agricultural inspection activities, homeland security, and IT security and management.

Other reviews help USDA strengthen program integrity. For example, we are evaluating the administration of the Agricultural Marketing Service's (AMS) Farmers to Families Food Box Program contracting procedures during a national emergency. Our work also assesses program delivery or allegations of criminal activity in USDA's hurricane and other disaster relief and assistance programs such as SNAP, crop insurance, grants, and loans to ensure entitlements and benefits are distributed based on eligibility and used for their intended purpose.

<sup>18</sup> USDA OIG, *Annual Plan Fiscal Year 2021*, October 2020. We will plan for FY 2022 audit work during the fourth quarter of FY 2021, focusing on our strategic goals, management challenges, mandatory audit work, and other priorities. To better focus our audit planning resources towards high and critical risk programs, OIG conducts risk assessments of USDA's programs based on risk factors such as audit history, program metrics, and concerns of external stakeholders.

<sup>19</sup> USDA OIG, *USDA Management Challenges*, September 2020.

<sup>20</sup> USDA OIG, *OIG Plan – Oversight of COVID19 Funding*, April 2020.



In addressing our mission goals, our audits and investigations help USDA strengthen the Department's ability to achieve results-oriented performance. They focus on areas such as improved financial management, accountability, and outreach activities. For example, we continue to assess the adequacy of the design of the Forest Service's (FS) policies and procedures to ensure that the duties and responsibilities of FS personnel are adequately segregated from initiating, approving, or executing reimbursable agreements or cost share agreements in accordance with Standards for Internal Control in the Federal Government. In addition, our investigators address allegations of employee misconduct throughout the Department to include investigations of senior management misconduct and whistleblower reprisal complaints.

#### Oversight of Supplemental Appropriations

23. Please provide an update on OIG's current work related to supplemental funding provided to USDA, including how much OIG has spent to date, what has been accomplished, and plans for future work.

**Response:** Since 2009, OIG has received supplemental funding through the following to provide oversight of supplemental funding provided to USDA for disaster relief and COVID-19 pandemic activities.

- Disaster Relief and Recovery Fund (Disaster, 2009): \$5,000,000
- Bipartisan Budget Act of 2018 (Disaster, 2018): \$2,500,000
- CARES Act of 2020 (COVID-19, 2020): \$750,000
- American Rescue Plan (COVID-19, 2021): \$2,500,000

The following summarizes how much of the supplemental funding has been spent, what has been accomplished and what work is planned.

#### Disaster Oversight

Of the \$5,000,000 in no-year funds provided to OIG in the Disaster Relief and Recovery Fund, as of March 19, 2021, \$16,261 remains.

Fiscal Year	Authorization	Consumed	Balance
2009	\$5,000,000	\$1,392,984	\$3,607,016
2010		\$708,956	\$2,898,060
2011		\$49,546	\$2,848,514
2012		\$9,874	\$2,838,640
2013*		\$63,183	\$2,775,457
2014*		\$566,645	\$2,208,812
2015*		\$9,680	\$2,199,132
2016		\$17,098	\$2,182,034
2017		\$1,987	\$2,180,047
2018		\$282,982	\$1,897,064
2019		\$963,689	\$933,375
2020*		\$809,104	\$124,271
2021		\$108,010	\$16,261

\*Prior year adjustments made to capture actual expenditures.

In the Bipartisan Budget Act of 2018, USDA-OIG received an additional \$2,500,000 in no-year funds for oversight related to the consequences of Hurricanes Harvey, Irma, Maria and other hurricanes and wildfires occurring in calendar year 2017. As of March 19, 2021, \$49,033 remains.

Disaster & Emergency			
Fiscal Year	Authorization	Consumed	Balance
2018*	\$ 2,500,000	\$55,499	\$2,444,501
2019*		\$802,522	\$1,641,919
2020*		\$1,177,883	\$464,036
2021*		\$415,003	\$49,033

\*Prior year adjustments made to capture actual expenditures.

Congress provided USDA with more than \$5.7 billion for necessary expenses related to agricultural losses, nutrition and rural assistance, and wildfires from Hurricanes Harvey, Irma, Maria, wildfires, and other declared major disasters and emergencies occurring in calendar year 2017. OIG appreciates the additional \$2.5 million provided by the Subcommittee for oversight of USDA's disaster assistance activities. To ensure that we use these funds as effectively as possible, we updated our Oversight Plan of USDA Disaster Funding based on risk and other factors. This plan is published on OIG's internet site. As of March 2021, OIG has completed four audits and one inspection using the supplemental disaster oversight funding (includes both the Disaster Relief and Recovery and the Bipartisan Budget Act of 2018 funds).

1. Our audit of 2018 supplemental disaster appropriations for FS-related activities found no instance where FS improperly used its supplemental disaster funds to identify damages caused by the 2017 hurricanes and fires.<sup>21</sup> However, Regions 5 and 8 inconsistently applied FS' direction on OMB's requirement for grantees to expend all obligated funds within 24 months. Specifically, Region 5 concluded that OMB's requirement did not apply to interagency agreements (IA) while Region 8 determined that it indeed did. This occurred because FS did not clarify to its regions whether the requirement was applicable to all agreements. As a result, unless FS clarifies its guidance or obtains a waiver from OMB, important disaster relief projects based on IAs could be interrupted or delayed as the recipients may be required to return unspent disaster relief funds at the end of 24 months—regardless of whether their disaster relief projects are complete.
2. Our audit of disaster nutrition assistance to Puerto Rico found that FNS and the Administration for Socioeconomic Development of the Family (ADSEF) were not able to distribute essential disaster nutrition grant funding to survivors in Puerto Rico until 6 months after the hurricanes.<sup>22</sup> Since Puerto Rico was unable to operate a disaster nutrition assistance program, FNS and ADSEF were unable to adequately plan before the hurricanes. We also found that neither FNS nor ADSEF effectively coordinated with other agencies to quickly distribute the disaster grant funding to hurricane survivors. Finally, we found that ADSEF's eligibility system did not always accurately determine benefits for households. Of the 4,805,234 regular benefit issuances between March and September 2018, we found 8,655 overpayments totaling over \$1.4 million and 8,907 underpayments totaling over \$1.5 million. In addition, of the 1,343,814 recipients as of August 2018, we found 6,341 recipients who were deceased, which caused us to question over \$1.2 million in total monthly benefits.

<sup>21</sup> Audit Report 08702-0001-41, *Forest Service's Controls Over its 2018 Supplemental Disaster Appropriations*, August 2019.

<sup>22</sup> Audit Report 27702-0001-22, *Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria*, October 2019.

3. We also completed an inspection of disaster nutrition assistance to Puerto Rico and found that FNS was timely in the distribution of a \$600 million disaster nutrition grant.<sup>23</sup> On June 6, 2019, Public Law No. 116-20 provided an additional disaster assistance nutrition grant to Puerto Rico, totaling \$600 million, in response to Hurricanes Irma and Maria. On June 28, 2019, OIG received a Congressional request to determine why the distribution of the additional disaster assistance was reportedly delayed. We found that ADSEF issued benefits 53 days (36 working days) after the bill was signed into law. Additionally, FNS' guidance and assistance was clear and timely during the planning of the grant. While we found that FNS was timely in the distribution of the \$600 million disaster nutrition grant to Puerto Rico, opportunities exist for FNS and ADSEF to distribute disaster nutrition assistance even more timely in the event of future disasters. OIG did not make additional recommendations in this inspection report since the previously mentioned audit presented recommendations that would address the overall timeliness issue related to Puerto Rico disaster nutrition assistance delivery.
4. Our audit of FSA's Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) focused on honeybee producers' applications and payments, since they represented nearly 80 percent of all ELAP commodity payments for program year 2017.<sup>24</sup> In two of the three States visited, we found that county officials did not include inventory additions in ELAP payment calculations for 18 of the 60 honeybee applications we reviewed, resulting in more payments than allowed. Further, one of the two States continued its miscalculations in subsequent years. We also questioned payments that FSA approved for two ineligible honeybee producers. At one county office, we found that 18 ELAP applications contained late-filed inventory reports that the county office committee did not review for accuracy, as required. Finally, four out of the five district directors responsible for the counties we reviewed either did not perform the required oversight reviews or did not report the results of these reviews to the State office. As a result, State officials were unaware of the county offices' implementation of ELAP, thus increasing the agency's risk of erroneous payments. For the one State and district that did not conduct the required reviews, we questioned all payments due to a lack of oversight. In total, we questioned costs of over \$10.1 million. Despite these issues, OIG recognized FSA's accomplishments in ensuring its staff properly applied payment limitations, as well as in updating policy improvements to the honeybee portion of ELAP and in taking corrective action in response to this audit.
5. Our audit of FSA's Wildfires and Indemnity Program (WHIP) found that over 1,160 producers were placed on registers, which allowed applicants to have their applications processed after the deadline, and more than 1,650 producers' applications were initiated in a quasi-register without documented approval to do so.<sup>25</sup> This occurred because the FSA National office reportedly granted a blanket approval to use registers, which deviated from established procedure without adequate documentation. As a result, FSA issued more than \$103 million in WHIP payments to producers in Florida and Georgia who did not submit signed applications by the designated deadline. During our review, we identified issues on 39 out of 73 sampled applications, including issues with eligibility documentation, payment calculations, and producer certifications. This occurred because of inadequate guidance and oversight. For example, while FSA guidance requires a second-party review on all applications prior to payment, the guidance does not detail what the review should include. As a result, we identified over \$8 million in improper payments in Florida and Georgia. Until FSA improves its guidance and oversight, there is a continued and increased risk that county

<sup>23</sup> Inspection Report 27801-0002-22, *Timeliness of the Disbursement of the \$600 Million Disaster Nutrition Assistance Grant to Puerto Rico*, February 2020.

<sup>24</sup> Audit Report 03702-0001-23, *2017 Emergency Assistance for Honeybee Claims*, September 2020.

<sup>25</sup> Audit Report 03702-0002-21, *Wildfires and Hurricanes Indemnity Program*, September 2020.

offices will not be able to properly administer the program.

Although we originally also selected Puerto Rico for review as part of this audit, due to travel restrictions related to the COVID-19 pandemic, we discontinued our audit work in Puerto Rico. We intend to complete our review and report the results of our Puerto Rico work in a future audit report.

In FY 2021, we will use the remaining supplemental funding, in addition to regular appropriations, to complete our audits of the following disaster and emergency assistance programs: FSA's Emergency Conservation Program (ECP), FSA's Florida Citrus Recovery Block Grant Program, NRCS' Emergency Watershed Protection (EWP) Program, and FSA's administration of WHIP in Puerto Rico. Our audits will review program delivery, specifically the approval and payment of applications.

As of March 31, 2021, the Office of Investigations has 11 open investigations involving disaster assistance related to hurricane relief, non-insured crop disaster assistance program (NAP), livestock forage program, ELAP and SNAP. One investigation revealed that FSA improperly denied NAP payments totaling approximately \$500,000 to 37 cattle farmers in New Mexico, and two FSA employees were retaliated against as a result of raising the matter.

#### **COVID-19 Pandemic Oversight**

In the CARES Act of 2020, USDA-OIG received \$750,000 (multi-year funds) in response to the COVID-19 pandemic. OIG received an additional \$2,500,000 (multi-year funds) through the American Rescue Plan of 2021 (ARP). As of March 19, 2021, we have \$5,114 remaining in the COVID-19 fund. No funds have been consumed from the ARP as of March 19, 2021, as those funds had not yet been apportioned. OIG funds provided by ARP are available until September 30, 2022.

CARES Act			
Fiscal Year	Authorization	Consumed	Balance
2020	\$ 750,000	\$587,941	\$162,059
2021		\$156,945	\$5,114

American Rescue Plan			
Fiscal Year	Authorization	Consumed	Balance
2021	\$ 2,500,000	\$0	\$2,500,000

Congress provided USDA with more than \$77.5 billion for COVID-19 relief efforts. OIG appreciates the \$3.25 million in supplemental appropriations for oversight of USDA's COVID-19 activities. OIG developed a plan to oversee USDA's COVID-19 response activities and funding.<sup>26</sup>

As of March 2021, OIG has completed two memoranda and two non-audit service reports related to COVID-19. The two memoranda assisted FNS and FS in their COVID-19 response by reviewing audit recommendations that could affect internal controls over COVID-19 activities for each agency. The two non-audit service reports related to providing OIG comments on the Wildland Fire Response Plans (WFRP) that were developed in order to more safely and effectively combat

<sup>26</sup> USDA OIG, *OIG Plan – Oversight of COVID19 Funding*, April 2020.

wildland fires during the COVID-19 pandemic<sup>27</sup> and to identify the funding streams USDA used to respond to the COVID-19 pandemic as of May 31, 2020.<sup>28</sup>

The Office of Audit also has eight inspections currently ongoing related to COVID-19. These inspections involve AMS' administration of the Farmers to Families Food Box Program, FNS' SNAP online purchasing process in response to COVID-19, FNS' oversight of the Emergency Food Assistance Program (TEFAP), FNS' pandemic Electronic Benefits Transfer process, FSA's Coronavirus Food Assistance Program (CFAP), FSIS' pandemic response at meat and poultry slaughter and processing establishments, FS' response to the Coronavirus pandemic, and Rural Development's business and industry guaranteed loan modifications in response to the pandemic.

The Office of Analytics and Innovation (OAI), in order to enhance transparency related to USDA COVID-19 related procurements, published a publicly available dashboard on OIG's website. The dashboard, which is geocoded, allows stakeholders to interact with USDA's COVID-19 related procurement actions. OAI is also conducting a pulse survey to obtain information about how the Food Safety and Inspection Service's (FSIS) frontline inspectors perceive COVID-19 safety conditions in their work environments.

As of March 31, 2021, the Office of Investigations has 32 open investigations related to COVID-19 funding associated with USDA programs. In coordination with our data analysts, as well as USDA program experts, OIG's investigators are pursuing the identification of various fraud schemes associated with CFAP, which provides assistance to certain agricultural producers whose operations were directly impacted by the pandemic. One such investigation has led to an indictment. In addition, the Office of Investigations issued a series of "Fraud Alerts" both internally and Department-wide pertaining to both the procurement of personal protective equipment (PPE) and IT-related phishing and social engineering schemes. "Fraud Alerts" associated with schemes observed in CFAP were also issued to the Farm Service Agency for awareness.

OIG anticipates it will use all COVID-19 supplemental funding, in addition to regular appropriations, to complete our ongoing and planned COVID-19 oversight work.

<sup>27</sup> Non-audit Services Report 08025-0001-41, *Forest Services' Wildland Fire Response Plans*, August 2020.

<sup>28</sup> Non-audit Services Report 50025-0001-23, *USDA Coronavirus Disease 2019 Funding*, September 2020.

**OCFO Controls Over Final OIG Actions**

24. Please provide the number of all open audit recommendations by year.

**Response:** The data in the table below is as of March 22, 2021:

Calendar Year of Audit Release <sup>29</sup>	Number of Recommendations Open/Unresolved (No Mgmt. Decision) (OIG)	Number of Recommendations Unimplemented/Pending Final Action (OCFO)	Total Number of Recommendations Open/Unresolved & Unimplemented/Pending Final Action
1996	0	4	4
2004	0	1	1
2007	0	2	2
2008	0	1	1
2009	0	1	1
2010	0	1	1
2012	0	2	2
2013	0	5	5
2014	0	11	11
2015	0	3	3
2016	0	13	13
2017	0	28	28
2018	0	47	47
2019	0	79	79
2020	29	123	152
2021	0	7	7
<b>Total</b>	<b>29</b>	<b>328</b>	<b>357</b>

<sup>29</sup> For unlisted years, there were no recommendations open/unresolved or unimplemented/pending final action.

25. The OCFO is responsible for ensuring that recommendations made by OIG audits are implemented by the respective agencies. Please describe your efforts in ensuring that OCFO has followed the IG's recommendations.

**Response:** USDA's OCFO is responsible for closing audit recommendations. This includes reviewing and approving agency requests for closure (final action) and tracking the closure status of audit recommendations. In September 2017, we issued our audit on *Departmental Oversight of Final Action on OIG Audit Recommendations* (Audit Report 1601-0001-41) and found that OCFO needed to strengthen its controls over the final action process. In response to this audit, we developed a new tool (i.e., final action verification (FAV)) to ensure OCFO has ascertained that agencies have implemented OIG's recommendations.

During FY 2018, we started using FAVs as a pilot program to review documentation accepted by OCFO as evidence of final action. We have continued to use FAVs to ensure that OCFO has obtained sufficient documentation to close OIG recommendations, issuing a total of 15 FAVs to date. OIG has one FAV ongoing: RHS Single Family Housing Guaranteed Loan Program – Liquidation Value Appraisals. We plan to perform additional FAVs in FY 2021, and are focusing our work where OCFO agreed that agencies had implemented final action on all report recommendations.

26. The Subcommittee has repeatedly called upon the Department, and some agencies more than others, to implement suspension and debarment tools. Which agencies have not implemented suspension and debarment tools? Please provide an update on OIG's efforts and the agencies' progress.

**Response:** In September 2017, we completed an audit of USDA's suspension and debarment tools.<sup>30</sup> We found that of the 12 agencies that did not fully comply with one or more of the requirements for suspension and debarment, 3 agencies did not consider suspension and debarment action for known program violators. Those agencies were AMS, FNS, and FSIS. The remaining 9 agencies did not comply with specific suspension and debarment requirements such as no agency-specific guidance, no training plan, or training was not completed (see table below).

Agencies Reviewed	No Agency-Specific Guidance <sup>31</sup>	Did Not Take Action on Known Program Violators	Did Not Provide All Activity Reports to OCFO	No Training Plan	Responsible Officials Did Not Complete Training
AMS		X		X	X
APHIS					X
FNS	X	X	X	X	X
FS				X	

<sup>30</sup> Audit Report 50016-0001-23, *Implementation of Suspension and Debarment Tools in the U.S. Department of Agriculture*, September 2017.

<sup>31</sup> We also found an additional five USDA agencies that did not provide their suspension and debarment guidance to OCFO. These five agencies included the Foreign Agricultural Service, Grain Inspection, Packers and Stockyards Administration (now part of the Agricultural Marketing Service), Natural Resources Conservation Service, Office of Advocacy and Outreach, and Office of the Chief Economist.

FSA				X	
FSIS		X	X		X
RD				X	X
FAS	X				
GIPSA	X*				
NRCS	X				
OAQ	X*				
OCE	X*				

\* In response to our audit, OCFO allowed three agencies (OCE, OAQ, and GIPSA) to use the Departmental Regulation as their agency guidance. This was due to the limited staff and activity of those agencies.

Since we issued our report in September 2017, as of April 2019, all but one agency (FNS) have issued agency-specific policy describing their suspension and debarment tools for their programs. FNS has not developed any suspension and debarment tools for FNS programs other than SNAP and WIC. According to FNS, this is because for SNAP and WIC, FNS delivers federal funds through private retailers that FNS authorizes to participate in the program. FNS has the ability to terminate a retailer's participation for appropriate reasons. However, for the other FNS programs FNS' grantees are State agencies. FNS has determined that it would not be appropriate to initiate suspension and debarment actions against their State partners. This is the latest information that the Office of Audit has with respect to suspension and debarment tools within the Department.

OIG has been successful in working with the agencies to suspend/debar entities. Below is a chart depicting the number of suspension and debarments resulting from our investigations that were entered in our management information system during FY20.

Suspensions and Debarments Resulting From OIG Investigations in FY20		
Agency	Debarred	Suspension
AMS	1	
APHIS		
ARS		
FNS	4	
FS	5	2
FSA	14	8
FSIS		
NIFA	4	
RBS		
RHS		
RMA	6	
Total*	34	10



## SNAP Fraud

27. Please update last year's table that shows how much of OIG's budget is spent on monitoring SNAP to reflect fiscal years 2015 through 2020 and estimated for fiscal year 2021.

Response:

FY	Percent of Direct Investigations Time Spent on SNAP Investigations	Cost (in millions)
FY 2015 (actual)	58.60%	\$28.4
FY 2016 (actual)	55.80%	\$27.0
FY 2017 (actual)	50.37%	\$24.6
FY 2018 (actual)	42.07%	\$20.8
FY 2019 (actual)	42.92%	\$21.0
FY 2020 (actual)	34.25%	\$16.6
FY 2021 (estimated)	32.00%	\$16.3

28. Please update last year's table showing the number of SNAP-related cases that were investigated, the number referred to the Department of Justice, and the number accepted by the Department of Justice, for fiscal years 2015 through 2020.

Response:

	Opened	Referred to DOJ	Referred to State or Local Prosecutors	Accepted by State or Local Prosecutors	Accepted by DOJ
FY 2015	181	114	52	28	47
FY 2016	208	112	60	44	72
FY 2017	157	109	61	32	69
FY 2018	94	80	52	48	55
FY 2019	103	39	30	22	30
FY 2020	62	71	39	34	48
Total	805	525	294	208	321**

\*\*The period of time to obtain court action varies widely; therefore, the number of cases accepted by DOJ, as well as State and local prosecutors, does not necessarily correlate to the total number of cases resulting in convictions during these FYs.

29. Please update last year's table showing the number of SNAP-related cases that were successfully prosecuted for fiscal years 2015 through 2020. Please note any monetary penalties associated with these cases.

**Response:**

	Number of SNAP Cases Resulting in Convictions from DOJ, State, and Local Prosecutions	Monetary Results of SNAP cases
<b>FY 2015</b>	190	<b>\$122,716,634</b>
<b>FY 2016</b>	176	<b>\$95,638,737</b>
<b>FY 2017</b>	173	<b>\$99,671,338</b>
<b>FY 2018</b>	161	<b>\$80,326,660</b>
<b>FY 2019</b>	104	<b>\$40,727,191</b>
<b>FY 2020</b>	88	<b>\$45,818,284</b>
<b>Total</b>	892	<b>\$484,898,844</b>

30. How much of the IG's investigative resources is being used for SNAP-related investigations in FY 2021 compared to FY 2020?

**Response:** In FY 2020, approximately 34% of OIG's direct investigative time was spent on SNAP-related investigations; whereas through the first quarter of FY 2021, almost 30% of our direct investigations time was spent on SNAP-related investigations. OIG expects that a range of 30 – 35% of its direct investigative time will be spent on SNAP-related investigations in the remainder of FY 2021.

#### **School Meals**

31. Please provide an update regarding the National School Lunch and School Breakfast Program error rates.

**Response:** As USDA reported in its 2019 and 2020 Agency Financial Reports, the improper payment error rates for the National School Lunch and School Breakfast Program went from 9.08% and 10.50% in FY 2019 to 9.14% and 10.30% in FY 2020, respectively.<sup>32</sup>

#### **Animal Fighting**

32. How many federal animal fighting cases did OIG handle in FY 2020 as part of its work related to the Animal Welfare Act? What percentage of all OIG cases in FY 2020 does that account for? Please provide a breakdown of all cases by type and by geographic region/OIG office.

**Response:** OIG worked on 40 animal fighting cases in FY 2020; 14 of these cases originated in FY 2020; the remainder of these cases were opened in prior years, but had work hours expended in FY 2020. OIG opened 178 cases in FY 2020, which means that the 14 animal fighting cases opened in FY 2020 represent almost 8% of all cases opened in FY 2020.

<sup>32</sup> See: [https://www.ocfo.usda.gov/docs/2019\\_AFR-FINAL-508.pdf](https://www.ocfo.usda.gov/docs/2019_AFR-FINAL-508.pdf) and <https://www.ocfo.usda.gov/docs/2020%20AFR-508.pdf>, respectively.

Region	Total number	Dog Fighting	Cock Fighting	Both
Southeast	17	12	5	
Midwest	4	4		
Northeast	6	3	3	
Southwest	7	3	4	
Western	6		5	1
<b>Total</b>	40	22	17	1

33. Of the animal fighting cases that OIG handled in FY 2020, how many of these cases did OIG initiate, as opposed to coming in at a later stage to work a case that was initiated through some other agency's investigation, like a drug case?

**Response:** Of the 40 animal fighting cases that OIG worked on in FY 2020, 3 were developed by OIG; the remaining 37 were referred to OIG by local, State, and Federal law enforcement agencies as well as APHIS.

34. For each animal fighting case that OIG handled, how many OIG resources were used? Please compare that to the average cost spent on all OIG cases.

**Response:** OIG identified several animal fighting enterprises organized on a national scale resulting in the simultaneous execution of several search warrants requiring a significant number of OIG personnel to assist. Represented as a percentage, when considering the total amounts of hours worked, in FY 2020 OIG personnel conducted 40 animal fighting investigations and expended over 10% of all investigative time (13,695.5 hours) conducting animal fighting investigative work. Additionally, the OIG expended additional funds associated with investigative travel, contracted storage space for evidence, equipment, specific training, digital forensic examinations, etc.

For purposes of comparison, there is not a set standard for the amount of OIG resources utilized for each investigation. As with all of our investigative work, the resources expended vary based on the investigative techniques employed and necessary manpower for investigative field work and enforcement operations. There is a primary agent assigned to conduct each investigation and he or she may request additional staff resources as needed. Across all investigative activity conducted in FY 2020, 131 OIG personnel conducted casework totaling 127,374.5 hours.

35. Does OIG have dedicated investigative protocols for animal fighting cases? Do you have dedicated staff who work on these cases?

**Response:** OIG has directives which are not specific to animal fighting but provide policies and procedures applicable in all our criminal and administrative investigations to ensure compliance with all applicable laws and regulations. OIG criminal investigators are not specifically assigned to investigate one particular type of violation or USDA program. Due to the many programs within USDA, the expectation is a criminal investigator will be assigned to a variety of cases and will learn the program and its requirements during an investigation. Over the course of working multiple investigations in a specific program, our investigators often become subject matter experts. We leverage that expertise to provide program-specific training to ensure our criminal investigators fully understand the program and its requirements. For example, OIG investigators have attended animal fighting training. Several of our

investigators served as instructors in these training courses and have provided training to other Federal, State, and local law enforcement agencies as well as our prosecutorial partners.

36. Were there any leads related to reported animal fighting that were not pursued? What prevented OIG from pursuing these cases?

**Response:** Although OIG has been involved in investigating animal fighting for several years following the enactment of the Animal Fighting Prohibition Enforcement Act of 2007, OIG carefully assesses the overall potential impact of each allegation we receive to ascertain if a criminal investigation should be opened. There are several factors that OIG considers when assessing allegations of possible criminal activity to make a determination about whether to open an investigation. Those factors include but are not limited to: 1) availability of OIG resources; 2) likelihood of criminal and/or civil prosecution; 3) amount of fraud; 4) extenuating circumstances, such as the connection to other investigations; 5) ability of an agency to pursue an administrative remedy in lieu of criminal and/or civil prosecution; and 6) assistance requested by other Federal, State, and local law enforcement agencies on cases showing a nexus to USDA.

OIG declined two animal fighting cases received in FY2020 due to insufficient resources and one animal fighting complaint generated a reference file for future enforcement operations. In FY 2020, the OIG Hotline did not receive any complaints involving animal fighting.

#### Other Issues

37. In order for the ReConnect program to focus funding on unserved areas as Congress intended, are there additional steps that the Rural Utilities Service can take, such as coordinating more closely with other federal agencies, like the Federal Communications Commission, that track broadband availability and also award broadband funding to avoid duplicative spending or overbuilding in places that already have broadband? [added per Mike Reed, February 2020]

**Response:** We initiated an audit of the award process for the ReConnect program in March 2021. In this audit, we plan to assess the eligibility of applicants and projects that received ReConnect program funding. As part of this, we plan to evaluate how RUS ensures that funding is not awarded for duplicative broadband services.

Once our work is completed, we anticipate being able to provide more information on RUS' coordination to avoid duplicative funding for broadband services. Our estimated issuance of the audit report is April 2022.

38. I was pleased to see from your testimony that you have two ongoing reviews that I consider extremely important and that are critical for the incoming Secretary to have:
- Looking at the Office of Partnership and Public Engagement's policies, procedures, and internal controls related to its program for outreach and assistance to socially disadvantaged farmers and ranchers, and veteran farmers and ranchers.
  - Evaluating the Office of the Assistant Secretary for Civil Rights' oversight of the civil rights complaints process.
- Can you tell us when we can expect those reports to be made public?

**Response:** The Office of Partnership and Public Engagement audit, *Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program (2501 Program) in Fiscal Years 2018 and 2019*, is expected to be issued in July 2021. The Office of the Assistant Secretary for Civil Rights audit, *USDA Oversight of Civil Rights Complaints*, is expected to be issued in May 2021.

39. I appreciate the effort that you put into your review of scientific integrity at USDA, especially the amount of attention you gave to ERS and NIFA. I would like to call out several of your objective findings on the impact of the move between the date it was announced and February 2020:
- From 2017 through 2020, ERS and NIFA experienced agency-wide staffing losses in excess of 40 percent.
  - ERS lost 40% of its economists and 46% of those with 10 more years of experience.
  - NIFA lost 86% of its grants-management staff and 83% of those with 10 or more years of experience.

In your tenure as OIG, have you ever had to analyze comparable sudden drops in agency staffing? Have you ever seen anything like this before in your career?

**Response:** During my tenure as the Inspector General, our USDA scientific integrity and capacity work represented the first time I recall OIG specifically reporting on such a significant reduction in agency staffing.

However, we have performed some previous work related to reviewing staff reductions at other USDA agencies. In April 2012, we issued a report that discussed our attempt to evaluate the impact that inspection personnel shortages had on the Food Safety and Inspection Service's (FSIS) ability to accomplish its mission of protecting consumers.<sup>33</sup> During that engagement, we were unable to fully assess impacts to FSIS' mission because of staff shortages, but we did note that FSIS' overall vacancy rate was over 6 percent in July 2011. Furthermore, since 2003, multiple OIG audits have identified staffing shortages that have negatively impacted agency operations. For example, our audit of FSIS' and AMS' field-level workforce challenges noted FSIS inspectors often worked far more hours than their AMS colleagues, a situation that could impair food safety.<sup>34</sup> The Beginning Farmers and Ranchers audit noted that the Department had not provided the Office of Advocacy and Outreach with the necessary oversight or resources to effectively accomplish its mandated duties, outlined in the 2008 Farm Bill, and its duties related to overseeing the Advisory Committee on Beginning Farmers and Ranchers.<sup>35</sup> In addition, our audit of USDA's Response to Antibiotic Resistance found that USDA agencies needed to more effectively and efficiently manage their limited resources for addressing antibiotic resistance issues relating to funding and certain staffing needs.<sup>36</sup> Although change was occurring, we found that various agency budgets did not effectively address the inter-agency collaboration needed for this initiative. Specifically, we found two agencies were experiencing problems filling key positions that require specialized scientific and data knowledge. If the budgetary impediments and staffing challenges were left unaddressed, the Department may not be able to fully address its antibiotic resistance goals. Lastly, Rural Development field officials noted staffing shortages

<sup>33</sup> Audit Report 24601-0011-HY, *Assessment of FSIS Inspection Personnel Shortages in Processing Establishments*, April 2012.

<sup>34</sup> Audit Report 0601-0002-31, *FSIS' and AMS' Field-Level Workforce Challenges*, July 2013.

<sup>35</sup> Audit Report 50601-0003-31, *USDA Beginning Farmers and Ranchers Programs*, May 2015.

<sup>36</sup> Audit Report 50601-0004-31, *USDA Response to Antibiotic Resistance*, March 2016.

were partially responsible for noncompliance with policies and procedure when making Single Family Housing Direct Loans.<sup>37</sup>

40. In 2019, your office reviewed the Agricultural Marketing Service's oversight of the storage and handling of U.S.-produced commodities for international food aid programs.

You found lack of oversight has resulted in unsanitary and unsafe warehouses, with food aid lost due to damages and contamination.

These findings are unfortunately similar to those found by your Great Plains Regional Office back in 2008, when the program was administered by the Farm Service Agency. In that report, OIG found that the agency did not have or apply consistent procedures for inspections and for disqualifying facilities.

Can you tell us why we are still finding issues with this program more than a decade later?

**Response:** Our 2008 audit found that FSA did not have proper regulatory and operational procedures in place to remove facilities that fail examinations from the list or discontinue food shipments to them when unsanitary or unhealthy conditions are identified during the examination process.<sup>38</sup> In addition, FSA's overall procedures were inadequate to ensure that examiners consistently evaluated examination elements (as "pass" or "fail") and that any deficiencies noted at port and transloading facilities were verified as corrected. FSA generally agreed with the 2008 report's recommendations and planned to create a license under the authority of the U.S. Warehouse Act for ports and transloading facilities and add a requirement that only these licensed facilities may be used in handling government food assistance commodities. FSA also agreed to revise its examination procedures and forms to provide comprehensive procedural guidance for examiners. In April 2012, FSA implemented the new Export Food Aid Commodities (EFAC) Licensing Agreement. In September 2017, USDA transferred the responsibilities for administering the U.S. Warehouse Act and Commodity Credit Corporation warehousing and commodity management activities from FSA to AMS.

Our 2019 audit found that warehouse operators did not consistently apply sanitation and safety standards to safeguard export food aid.<sup>39</sup> This occurred because the language in the April 2012 EFAC Licensing Agreement was too broad and could be left open to interpretation, leading to discrepancies in the application of standards by operators. We also found that AMS did not ensure EFAC license violations were resolved in a timely manner. This occurred because AMS did not have formal policies or procedures in place to follow up with EFAC licensees and track repeated violations to ensure that corrective actions were taken in a timely manner. Lastly, we determined that a portion of the 759 metric tons (almost 1.7 million pounds) of export food aid reported as losses during storage and handling, could have been minimized if EFAC program guidance, from May 2002, was updated to allow for a more cost-effective method to repair damaged EFAC bags. Our prior audit did not identify issues related to repairing damaged EFAC bags.

Our 2019 audit recommended that AMS revise and incorporate specific language into the EFAC Licensing Agreement that will establish minimum standards for sanitation practices, pest control procedures, and the condition of pallets and dunnage used at EFAC facilities; develop policies and procedures that establish roles, responsibilities, and timeframes for following up with EFAC licensees after violations; establish a method to track license violations; designate the appropriate resources to

<sup>37</sup> Audit Report 04601-0001-22, *Rural Housing Services Controls over Originating and Closing Single Family Housing Direct Loans*, December 2017.

<sup>38</sup> Audit Report 03099-0198-KC, *Inspection of Temporary Domestic Storage Sites for Foreign Food Assistance*, August 2008.

<sup>39</sup> Audit Report 01601-0002-41, *AMS Storage and Handling of Commodities for International Food Assistance Programs*, December 2019.

oversee compliance issues; and update the guidance for repairing packaged commodities. AMS officials concurred with all 10 recommendations, and according to OCFO, AMS has implemented all the recommendations.

41. Congress first created and funded the Wildfires and Hurricanes Indemnity Program (WHIP) in 2017 in response to the devastating wildfires and hurricanes that year. It provided direct payments to agricultural producers to offset losses from these disasters.

Since then, Congress has greatly expanded the program both in term of appropriated funds and number of disasters covered. In September 2020, you released a report where you identified a series of issues and found that USDA did not always effectively administer or oversee WHIP.

Do you believe that the issues mentioned in your WHIP report, such as lack of adequate training and internal controls, and issues with eligibility documentation and payment calculations are also problems with other direct payment programs run by FSA?

**Response:** Historically, OIG has found that FSA has difficulties with establishing strong internal controls for disaster-type programs like WHIP. In our recent audits of disaster-related programs, we have noted similar needs to strengthen internal controls and issues with eligibility and payment documentation. For example, in the recent audit of the Livestock Indemnity Program, we noted FSA reviews were not adequately completed, documented, or reported. We also noted a number of improper payments stemming from a lack of key documentation and clerical errors in the payment calculation.<sup>40</sup> Likewise, in our recent audit of 2017 Emergency Assistance for Honeybee Claims, we identified numerous errors stemming from a lack of adequate oversight.<sup>41</sup> Ad hoc disaster programs such as these are implemented in response to disasters and, as a result, present additional risk beyond the established price support programs which have had training and internal controls refined over time. The added challenge of disbursing needed funds to producers under very tight timeframes magnifies complications in designing and implementing effective guidance, training, and oversight.

42. AMS and FNS coordinate to purchase and distribute USDA foods, so that tens of millions of food insecure individuals can receive much-needed emergency food assistance. We know that weather conditions and producer quality can lead to cancelled orders within the supply chain management system. However, it is imperative that all the money allocated is used and distributed to those who need it most in a timely fashion – particularly that of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (COVID Third Supplemental).

What can you recommend to USDA to ensure that FNS opens the USDA Foods catalog and AMS puts all the funding out to bid as soon as an order has been cancelled?

**Response:** AMS is USDA's agency responsible for procuring the USDA Foods that are distributed through four FNS programs: the Commodity Supplemental Food Program, the Food Distribution Program on Indian Reservations, The Emergency Food Assistance Program (TEFAP), and USDA Foods in Schools.

As noted in your question, individuals can receive emergency food assistance through TEFAP, which provides USDA-purchased agricultural products to low-income households through emergency food providers like food banks, food pantries, and soup kitchens.

<sup>40</sup> Audit report 03601-0004-41, *Livestock Indemnity Program*, September 2020.

<sup>41</sup> Audit report 03702-0001-23, *2017 Emergency Assistance for Honeybee Claims*, September 2020.

Due to the pandemic and as part of our oversight, in November 2020, we initiated work to answer the following questions related to TEFAP:

1. What criteria did FNS use to approve States for food and administrative funds provided under the FFCR and CARES Acts?
2. What TEFAP flexibilities/exceptions to program requirements did FNS make available to State agencies to assist them in continuing to provide food to people in need during the pandemic?
3. What risks has FNS identified related to the safe and efficient distribution of USDA food assistance provided to States during the pandemic?
4. What did FNS do to ensure that States and eligible recipient agencies were properly accounting for the program's administrative funds and that they were being used for allowable purposes?

Although the specific concerns noted in your question are not included within the scope of our engagement, if our current work identifies those concerns, we would provide appropriate recommendations to the agencies to address those concerns. .

43. Food banks in Georgia have raised concerns about the implementation of the Farmers to Families Food Box program, noting that food banks and pantries in their network are not receiving boxes, and that they are instead going to nonprofits and other organizations that don't necessarily serve the neediest populations in the state. We know that increased demand is disrupting the market, so food bank distribution to our food-insecure population is paramount.

How can we ensure a more transparent and intentional implementation of this critical program? Specifically, how can we be sure that organizations on the front lines of fighting hunger are being utilized for distribution of food boxes?

**Response:** OIG is currently performing an assessment of the Agricultural Marketing Service's (AMS) implementation of its Farmers to Families Food Box program related to awarded contracts with a performance period from May 15, 2020, through June 30, 2020. Our objectives are to answer the following questions related to program funding of awarded contracts:

1. Did the AMS design the solicitation according to the requirements of the Federal Acquisition Regulation (FAR) and Departmental guidance?
2. Did AMS award the contracts in accordance with the solicitation requirements?
3. What methodology did AMS develop and use to equitably allocate funding to the contractors?
4. What controls did AMS develop and implement to ensure awardees fulfilled the obligations of the contracts?

Although our objectives do not directly address your specific questions, the processes and controls we will be assessing during our inspection will allow us to determine whether AMS has key controls in place to ensure program funds are distributed effectively and efficiently. The engagement is currently ongoing, with the report expected by the end of the fiscal year.

Finally, as it relates to transparency related to implementation of the Food Box program, we want to note that USDA AMS' website discloses various information related to this program, including approved vendors' information for each State. In addition, leveraging data from the Federal Procurement Data System and the System for Awards Management, the OIG published a publicly available dashboard displaying USDA COVID-19 related procurement actions. Users of the dashboard can filter on AMS procurements and refine searches to states and counties. However, OIG has not



assessed the adequacy of either the AMS website information or the data from the other government systems nor have we validated the accuracy of this data.

44. Representative Harris asked a question regarding capacity representation for rural broadband. There are similar concerns regarding capacity representation in the Farmers to Families program. You mentioned in your answer to Representative Harris's rural broadband question that OIG's role in determining capacity representation was limited. An offense would have to occur, and someone would have to come forward with a particular situation for OIG to evaluate those concerns. We should be able to PREVENT this, though.

Has OIG looked into how we can prevent these types of situations where companies (broadband or otherwise) misrepresent their capacity to deliver goods and services? If so, what were your findings? If not, is this something that your office could work with Rural Development (or other agencies such as FNS) to prevent?

**Response:** OIG has not reported any findings or recommendations related to agencies' controls or mechanisms to prevent entities, such as broadband providers, from misrepresenting their capacity to deliver goods and services.

However, we initiated work in March 2021 to assess Rural Development's Rural Utility Service (RUS) ReConnect program's award process. Our objectives are to determine if RUS awarded Rural E-Connectivity Pilot Program funding to eligible applicants and projects and the evaluation criteria were accurately used to score and rank applications when awarding funds. During our engagement, we may evaluate supporting documentation associated with RUS actions to assess awardee capacity to provide contracted services.

In addition, we have ongoing work assessing AMS' implementation of the Farmers to Families Food Box program related to awarded contracts with a performance period from May 15, 2020, through June 30, 2020. One of our objectives is to determine if AMS awarded these contracts in accordance with its solicitation requirements. One section of the solicitation required offerers to describe their capabilities for achieving performance. Because we are still conducting fieldwork, we cannot share our preliminary results or conclusions at this time.

**USDA's Office of Inspector General – Phyllis Fong**

**FY 2021 Oversight Hearing  
Questions for the Record  
February 25, 2021**

**Conversation with Secretary Vilsack on Priorities**

Your independence should allow you to speak freely with the Secretary. When Secretary Vilsack returns after a four-year absence, he will want to get up to speed on both the new and ongoing policies, procedures, or practices across the Department in immediate need of attention.

45. Do you typically have this type of meeting with the newly confirmed Secretary? Please describe what types of policies, practices, and actions the Inspector General discusses with the Secretary of Agriculture to ensure that the Secretary is following through with recommendations and findings of the IG.

**Response:** OIG typically meets with each newly confirmed Secretary to build a collaborative working relationship with his/her office while maintaining our operational independence. Generally, we discuss ways we can best interact and work with one another to accomplish the Department's mission. On a substantive level, our Management Challenges report provides a basis for discussing the key issues facing USDA as a whole, such as financial management, cybersecurity, program accountability, and outreach efforts. (see QFR 4 above). We also highlight significant audits, investigations, and initiatives that warrant the Secretary's attention. These initial meetings pave the way for regular briefings to ensure that OIG keeps the Secretary informed of our findings and recommendations. As discussed above (see QFR 25 above), the Office of the Chief Financial Officer is responsible for tracking agency actions to implement OIG recommendations.

46. Please share with us the top three or so issues you might tell him need his immediate attention?

**Response:** We would emphasize several of the management challenges identified above; namely, financial management/improper payments, cybersecurity, program accountability, and outreach efforts. These themes become particularly significant when viewed in the context of USDA's trade mitigation programs, disaster assistance activities, and pandemic response initiatives. With the appropriation of significant levels of funding in these areas, and the need to deliver relief rapidly to those in need, it is critical that these programs receive management attention at all levels of the Department.

### Meat Import Labeling & Illegal Meats from China Nearly Doubled

Your review of imported meat and poultry products raised some major concerns. Your report says “225 of 232 lots in our sample were not properly reinspected to determine if the imported products complied with United States (U.S.) labeling requirements.” You concluded that some of those shipments should not have been allowed entry into the U.S.

47. Are we just letting some imported meat and poultry products from overseas just pass through our borders?

**Response:** Our reported finding was limited to what we observed in a non-statistical sample; and thus, does not allow us to directly draw such a conclusion.<sup>42</sup>

Federal regulations require FSIS to re-inspect all shipments of meat and poultry products imported into the United States to determine if they are eligible to enter the country, if the foreign country properly certified the products prior to shipment, if there was transportation damage to the products, and if the products were labeled in accordance with regulatory requirements.<sup>43</sup> FSIS Directives instruct inspection program personnel (IPP) to verify that every lot presented for reinspection meets U.S. labeling requirements.<sup>44</sup> When import shipments of meat and poultry products are presented for FSIS reinspection at inspection establishments in the United States, IPP are to randomly select a sample from each lot to verify compliance with labeling requirements. Generally, IPP select one sample pallet out of every ten pallets presented for reinspection—or at least ten percent. For each sample pallet, IPP are to examine the labeling of all cartons on the pallet.

When IPP determine that a label does not meet labeling requirements, they are to “fail” the label verification for the entire lot presented for reinspection and refuse the lot entry into the United States. However, during our observations of IPP conducting reinspections of imported meat and poultry products, only one IPP verified the label on every carton on each sample pallet. The other seven IPP we observed verified the label on only one carton on each of the sample pallets. As a result, 225 of 232 lots in our sample were not properly inspected to determine if the imported products complied with U.S. labeling requirements.

We attributed the cited issue to a lack of training on the label verification process and recommended FSIS conduct refresher training for IPP responsible for import reinspection on the procedure for label verification of shipping container labels outlined in the FSIS Directive. The agency agreed with our finding and recommendation.

48. If my math is correct, 98 percent of your imported meat sample labels were not properly reinspected. What sort of risks are we talking about if an imported meat and poultry product is not properly labeled? Between food safety and foreign animal disease, the risks seem high. There is also the economic impact on our producers.

Just last week, the U.S. Customs and Border Protection released a press release noting that in 2020, they saw a near 100 percent increase meat contraband discoveries from China. It sounds like a success story as CBP and USDA’s Animal and Plant Health Inspection Service work together to keep out diseases

<sup>42</sup> Audit Report 24601-0003-21, *Controls Over Imported Meat and Poultry Products*, July 2020.

<sup>43</sup> 9 Code of Federal Regulations Parts 327 and 381.

<sup>44</sup> FSIS Directive 9900.5, *Label Verification of Imported Meat, Poultry, and Egg Products*, January 2019.

such as African Swine Fever, Foot and Mouth Disease, or Highly Pathogenic Avian Influenza that could cause billions of dollars in losses to U.S. agriculture.

**Response:** FSIS labeling requirements for meat and poultry products are intended to ensure that the products are safe and eligible to enter the US food supply. Labels contain the necessary information to ensure that the foreign country and establishments comply with U.S. meat and poultry safety standards and that their products are eligible for import and can enter U.S. commerce. Additionally, the shipping mark included on the label is used for linking the product to the foreign inspection certificate and may be important if, for instance, there is a food safety issue with the imported product, and the product needs to be recalled from distribution.

49. Do you coordinate with your counterpart in Homeland Security or with officials at CBP when something like this happens? Or do you only get involved when there is a known failure to stop invasive pests or high priority foreign diseases that threaten the U.S. food supply?

**Response:** OIG has liaison counterparts at DHS in both HSI and CBP and proactively and reactively provides assistance to them. On many occasions when suspicious items are identified at the border, we coordinate with DHS and the USDA counterparts (i.e. FSIS, APHIS) to arrange for container inspections and conduct joint smuggling investigations.

50. What investigations might OIG engage in to stop people or companies from importing these dangerous meat products?

**Response:** OIG conducts investigations related to the smuggling of unauthorized meat products, to include schemes that circumvent required inspections of imported products and the quarantine of products denied entry into the United States.

### Ag Research Coordination & the Blue Ribbon Panel

As your testimony notes, you recently completed an assessment as to whether the Trump Administration's changes in policy and/or processes impacted the publication of scientific reports.

There were claims that USDA was suppressing climate change research. I was relieved to see that the OIG did not identify any instances where the previous Administration's policies or processes impacted the publication of USDA research during FYs 2017–2019.

However, you did make some interesting discoveries about scientific publications. It seems as if the Research Mission area cannot account for all of its research. They were not even able to tell how many USDA supported publications they produced over a couple of years.

Chairman Bishop and I secured funding in the most recent appropriation for the Research Mission area to assess the current state of land grant research and a directive for USDA to convene a new Blue Ribbon Panel to look at opportunities and future prospects for enhanced coordination of top notch research of these institutions.

51. What is your assessment of the coordination of ag research across USDA and the land grant universities?

**Response:** USDA accomplishes its scientific research activities through its Research, Education, and Economics (REE) mission area, which includes the Agricultural Research Service (ARS), the Economic Research Service (ERS), the National Agricultural Statistics Service (NASS), and the National Institute of Food and Agriculture (NIFA). USDA's Office of the Chief Scientist (OCS) is responsible for coordinating Department-wide agricultural science, research, education, and economics activities.

In 2016, we did conduct an additional engagement that assessed research activities at USDA's multiple component agencies.<sup>45</sup> However, we have not specifically evaluated the effectiveness of USDA's coordination of research efforts across its relevant mission areas and the land grant universities. As we plan our work for future years, we will consider work to address areas of critical risks or vulnerabilities within USDA and will keep this area of concern in mind.

52. The FY 2021 appropriation includes funding for a Blue Ribbon Panel to study the coordination of ag research between USDA and the land grants universities. How can the OIG help in providing support to this effort?

**Response:** Opportunities may exist for OIG to provide support to the Blue Ribbon Panel by conducting audits or inspections directly related to USDA's coordination efforts. As one of USDA's oversight offices, we consider reviews of new or recently changed areas to recommend actions that strengthen agency operations, coordination, and partnerships. While we do not have current planned work on this topic, we will consider areas of critical risks or vulnerabilities within USDA when we plan our work for future years, keeping the area of agricultural research coordination activities in mind.

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<sup>45</sup> Audit Report 50601-0002-22, *Department's Controls over Prioritizing and Funding Agricultural Research*, February 2016.

### Underfunding OIG in COVID Oversight Spending?

The USDA received an additional \$28 billion from ARRA / the Recovery Act in 2009. In order to oversee these funds, Congress provided the OIG with \$22.5 million. As your testimony points out, the first three COVID bills provided you with \$61 billion – double the amount from the Recovery Act. However, Congress only provided you with \$750,000. The next COVID bill would bring USDA's total to \$76 billion in new spending and \$3.3 million for the OIG.

53. Can the OIG really oversee an additional \$76 billion with just \$3.3 million? Please give me a rough estimate of what you think you would need to thoroughly oversee this type of funding.

OIG is appreciative of the \$3.25 million it has received to conduct COVID oversight.

However, with USDA's receipt of additional funding for its COVID19 related activities, it is increasingly important for OIG to receive commensurate funding to ensure that we can engage in appropriate oversight. As a comparison, for example, in the stimulus programs under the American Recovery and Reinvestment Act (ARRA), the Department received \$28 billion for program delivery and OIG received \$22.5 million for oversight. Similarly, with respect to recent appropriations to address hurricanes and other disasters, the Department received \$5.7 billion for program delivery and OIG received \$7.5 million for oversight.

A related issue of importance is the period of availability for oversight funding. It would be preferable for any additional oversight funding OIG receives to be available over a longer period of time, as our relevant audits, investigations, and related work typically develop over an extended amount of time, as the Department spends down its funds. As a comparison, ARRA funding for OIG was available for over four and a half years, and disaster oversight funds for OIG are available until expended.

With any funding provided, OIG will utilize, holistically, strategies and tactics to enable timely and effective oversight of USDA COVID19 funded programs and activities. As a first step, and working collaboratively across the OIG mission areas of Audit, Investigations, and Analytics and Innovation, OIG will prioritize its oversight efforts to the USDA COVID19 funded programs and activities of highest risk. In doing so, OIG will utilize data and other evidence (e.g., level of program funding, historical error rates and improper payment data, known control weaknesses, and allegations/complaints received) to conduct risk assessments and prioritize resources. As we address our oversight portfolio of both ongoing USDA programs as well as new pandemic response initiatives, our approach is to rely on the best available data to conduct risk assessments of USDA programs and activities to prioritize our resources.

54. What are your major concerns with how fast that money is going out the door for USDA programs, especially in light of all of the changes to these programs?

**Response:** As of March 12, 2021, outlays have occurred for 85% of the USDA CARES Act and Families First Coronavirus Response Act funding and 1% of the COVID-related Consolidated Appropriations Act funding. In addition, the American Rescue Plan provided additional funding for USDA. Much of this COVID19 funding went to existing programs. As such, OIG oversight efforts have included identifying program changes, if any, needed to accommodate distribution of the COVID19 funds; reviewing agencies' risk assessments associated with those changes; and evaluating and performing limited tests of internal control systems the agencies implemented to address the risks. OIG's focus on these areas help ensure concerns over timely, accurate fund distribution to eligible participants are addressed.

### Actively Engaged Farming & GAO Findings

Senator Grassley and I have been pressuring USDA for several years on only making farm payments to farmers who are involved in the farming operation – those “actively engaged”. USDA issued a final decision on the definition last year.

However, the Government Accountability Office recently released a report noting some improvement in the way USDA reviews payments, problems remain. For example, GAO’s review found that 30 percent of reviews from 2010 through 2015 were marked as waived because of prior reviews within the last 3 crop years, but the data did not show prior reviews. Also, the report noted that three state offices had not completed any of their “actively engaged” reviews for certain years.

55. This is an important issue for the fundamental integrity of farm programs. Why hasn’t OIG been more involved in this type of review over the years?

**Response:** In accordance with the IG Act, OIG must consider GAO activities with a view toward avoiding duplication. As such, we have not performed this type of review.

GAO issued a report on this topic in 2013 that identified weaknesses in how FSA implemented regulations to ensure that farmers meet the criteria for being actively engaged and did not receive payments above program limits.<sup>46</sup> GAO recommended that FSA set a plan and time frame for using its tracking system to monitor compliance reviews. An additional review was not necessary until FSA implemented its corrective actions in response to the GAO recommendations. GAO performed a subsequent review to assess FSA’s progress in implementing the regulations and in October 2020, issued a report which noted that USDA has improved its reviews, but weaknesses remain.<sup>47</sup> Given GAO’s recent work in this area, OIG does not currently have audit work planned in this area. Many of our investigations involving fraud in farm programs focus on the issue of whether those receiving farm program payments are “actively engaged” and thus, eligible for program participation.

56. Now that a final definition is out for “actively engaged”, what will OIG do to ensure that only those farmers and family members actually involved in the farming operation receive payments?

**Response:** With the final definition of “actively engaged” published, we will consider USDA’s adherence to the rule for review in our risk-based audit planning process.

<sup>46</sup> GAO-13-781, *Changes Are Needed to Eligibility Requirements for Being Actively Involved in Farming*, September 2013.

<sup>47</sup> GAO-21-95, *USDA Has Improved Its Completion of Eligibility Compliance Reviews, but Additional Oversight is Needed*, October 2020.

### Recovering Funds Associated with Penalties, Improper Payments, Illegal Activity

Your testimony notes that in FY 2020, your oversight work resulted in monetary results totaling over \$360 million and your investigative work during the same period led to monetary results totaling approximately \$146.7 million

57. Can you explain “monetary results” in both cases?

**Response:** The information requested is as follows as it relates to the subcategories of monetary results: In FY 2020, our oversight work resulted in monetary results totaling more than \$360 million. For the Office of Audit, our reports identified more than \$206.7 million in questioned or unsupported costs and more than \$6.7 million in funds to be put to better use. Investigations monetary results of approximately \$146.7 million include the following: collections/ recoveries; fines; restitutions; asset forfeitures; administrative penalties; cost avoidances; claims established; other monetary remedies; and special assessments.

58. How successful is your agency in recouping these funds on behalf of the American taxpayer?

**Response:** As it relates to actions taken as a result of OIG’s audit recommendations, in USDA’s FY 2020 Agency Financial Report,<sup>48</sup> the Department reported it recovered \$0 in disallowed costs and implemented recommendations corresponding to \$4,906,490 in funds to be put to better use.

In addition, OMB Circular A-123, Appendix C, requires agencies to conduct payment recapture auditing on all programs with more than \$1 million in annual expenditures or provide justification that a payment recapture audit program would not be cost-effective. As part of these efforts, the Department noted that it recaptured approximately \$0.42 million in overpayments from its supplier credit recovery audits, \$222.76 million from its internal payment recapture audits, and \$367.52 million through methods outside of its payment recapture audits. Of this, USDA reported \$201.10 million was returned to the Treasury and \$11.53 million was returned to agencies for the original program purpose.

In FY 20, our investigative work resulted in monetary results totaling \$117,511,982, consisting of fines totaling \$964,570; court-ordered restitution totaling \$72,252,386; court-ordered assessments totaling \$38,352; collections totaling \$8,955,996; claims for repayment established by USDA agencies totaling \$24,730,227; cost avoidance for payments not issued totaling \$10,565,219; and administrative penalties totaling \$5,232.

<sup>48</sup> USDA, 2020 Agency Financial Report, December 2020.



**Cybersecurity & the National Finance Center in New Orleans**

A number of news outlets reported at the beginning of this month that foreign governments or entities took advantage of the SolarWinds software to break into the National Finance Center – a dedicated group at USDA that “services more than 160 diverse agencies, providing payroll services to more than 600,000 Federal employees.”

59. If so, this is a very serious breach of our security. Can you confirm or comment on this potential security breach?

**Response:** The Department of Homeland Security Cybersecurity and Infrastructure Security Agency and USDA have confirmed that NFC was not breached in the SolarWinds incident. However, OIG has not performed any audit activities to confirm or deny the Department’s claims.

60. Is the IG’s office involved in investigating the security breach or working with USDA’s Office of the Chief Financial Officer or Chief Information Officer to identify vulnerabilities at NFC?

**Response:** OIG does not comment on issues that may or may not be under investigation. OIG continuously works with USDA OCFO and OCIO on matters of interest and concern.

### Potential Lack of Real Authority in OIG Follow-Up

Over the years, Members on this panel have asked about your ability to ensure compliance with your recommendations internal to USDA agencies. During one such exchange, you responded that OIG has the “power of persuasion and that’s it.” You have several hundred recommendations that are unresolved.

61. Is USDA’s OIG unique in that they don’t have much leverage when getting agencies to comply with your recommendations or is this a challenge in IGs across the federal government?

**Response:** The USDA OIG as well as IGs across the federal government conduct audits and make recommendations to management for improvement in the operations and programs of the agency. These audits also identify monetary results, such as funds to be put to better use and questioned costs, often with associated recovery amounts. Pursuant to the Inspector General Act, an IG cannot compel agency management to implement any recommendation. An agency is required, however, to respond to each IG recommendation and state whether it agrees or disagrees with the recommendation. Each IG’s Semiannual Report to Congress reports on unimplemented recommendations and any management decisions with which the IG is in disagreement. In addition, IG recommendations are often the subject of Congressional inquiry and hearings. IGs regularly testify before Congress about their reports, their recommendations, and their view of management corrective actions in response to IG recommendations.

62. If you do have challenges in getting agencies to move quicker or treat your recommendations as a higher priority, do you have any recommendations on how Congress may help?

**Response:** Generally, we find that Congressional interest in OIG recommendations and oversight of program activities itself can be very effective. However, we do not have any specific recommendations on how Congress may help because agencies typically agree with the findings and recommendations we report. Once the agencies agree with the recommendations, they describe their planned corrective actions and associated timeframes to implement the corrective actions. Once OIG agrees with the planned corrective actions and associated timeframes, the recommendations have reached “management decision.” USDA’s Departmental Regulation 1720, *Audit Follow-up and Management Decision* states that the agency audit liaison officials are to ensure that the corrective action associated with each management decision is completed within 1 year of the management decision date or by the estimated completion date as agreed to by agency management and OIG. If the corrective actions are entirely within the agency’s control (for example creating or revising an internal policy), these actions are typically implemented more timely. However, when an agency is reliant upon external parties, such as recommendations requiring regulatory or legislative change, final action may take longer. Recommendations related to information systems changes also can require more time for implementation. In addition, recommendations related to monetary collections frequently take years, due to potential appeals and collections schedules.

BARBARA LEE 3/15/2021

SUBCOMMITTEE ON AGRICULTURE OVERSIGHT HEARING: OFFICE OF INSPECTOR GENERAL, U.S. DEPT. OF  
AGRICULTURE (HELD ON 2/25/2021)

### Diversity and Inclusion

63. In December of 2019, the OIG published its Five-Year Strategic Mission and Diversity and Inclusion Plan that outlines specific goals, strategies, and performance measures you have established.
- It is critical that you not only diversify your workforce and create culturally responsive working environments, but also pathways for your employees of color to ascend to leadership positions.
  - In your assessment of USDA's diversity and inclusion goals, are there challenges you have identified and how have you addressed them? In what ways are you overseeing the USDA's goals to address diversity and inclusion?

**Response:** OIG's Strategic Mission and Diversity and Inclusion Plan guides the work of the OIG. Recognizing the importance of diversity, equity, and inclusion in our workforce, we have incorporated our strategic diversity and inclusion plan into our strategic plan. OIG recognizes the need to have a strong inclusive workforce that values the contributions of every individual. This strong inclusive workforce is critical to accomplishing our mission.

OIG has not directly assessed USDA's diversity and inclusion goals. However, OIG has identified the need for USDA to improve its outreach efforts, including this as one of the top management challenges facing the Department for a number of years. OIG is doing several reviews within the Department related to its efforts on outreach and diversity. We have ongoing reviews focused on how the Department is delivering its programs for socially disadvantaged farmers and ranchers and how the Department handles complaints under Title 6 and Title 7 of the Civil Rights Act. We anticipate that Department outreach activities will be a continuing area of focus for OIG.

### Exports to Cuba

64. I come from CA, which of course is an agricultural state, and we are always looking for new markets for our farmers.
- I want to ask you about Cuba and the status of exports to Cuba. In light of the last four years, we know there have been policy changes. In your assessment, are we looking at opening up new markets, including Cuba?

**Response:** OIG reviewed the design of USDA's 2018 and 2019 Trade Mitigation Packages and did not identify any information related to U.S. agricultural trade with Cuba. Our work focused on whether trade mitigation packages were within USDA's authority, available funding, and whether the methodology used by the Office of the Chief Economist was reasonable.<sup>49</sup> According to the State Department, the U.S. is the largest provider of food and agricultural products to Cuba, with U.S. agricultural exports to Cuba in 2018 valued at over \$220 million of the ERS-calculated \$140 billion

<sup>49</sup>Audit Report 50601-0009-31, *USDA's 2018 and 2019 Trade Mitigation Packages*, May 2020.

total U.S. agricultural exports that year. In future audits related to trade, we will be alert to any issues that may arise regarding U.S. agricultural trade with Cuba.

USDA's Foreign Agricultural Service (FAS) is the cognizant agency responsible for international trade, thus OIG requested FAS' input for this question. FAS responded by stating that the Secretary noted that he looks forward to representing U.S. agriculture as the Biden administration undertakes a review of current U.S. policy towards Cuba.

#### **Hemp and Cannabis Research**

65. In your assessment of hemp and cannabis research, what is the current status of results, analysis, and recommendations on the use of hemp and cannabis?
- What are the outcomes you are seeing in terms of your assessment, given the fact that so many states have moved forward with medicinal and recreational use?

**Response:** OIG currently has no ongoing or planned work related to hemp and cannabis research. However, OIG plans to begin an audit of AMS's implementation of the Domestic Hemp Program later this year. This audit will determine whether: (1) AMS implemented regulations and guidance in accordance with the 2018 Farm Bill, and (2) States and Indian Tribes conducted oversight and compliance checks of State licensees.

#### **Expanding SNAP eligibility and Addressing Widening Disparities**

66. So many more people have fallen into poverty during this pandemic and so many are food insecure.
- Recent reports show that between 26-29 million adults living in the U.S. reported that members of their households sometimes or often did not have enough to eat during the first few months of the COVID-19 pandemic.
  - Economists have long agreed that SNAP is one of America's strongest countercyclical tools. Each \$1 in SNAP benefits during an economic downturn generates between \$1.50 and \$1.80 in economic activity. And these effects are felt quickly, as low-income families pay for food locally at grocery stores, farmers' markets, and Community Supported Agriculture (CSA).
  - Unfortunately, SNAP benefits do not provide most households with enough resources to purchase an adequate diet throughout the month.
  - What are you doing in terms of empowering the USDA to look at the inequities in terms of food insecurity as it relates to poverty rates? How can the USDA be a positive force in helping to eliminate poverty?

**Response:** USDA OIG does not have expertise in the area of poverty rates. However, we do devote significant resources to reviewing the Food and Nutrition Service (FNS) and how it delivers its programs. OIG reports frequently make recommendations to FNS on how it can deliver those funds as effectively as possible and how it can improve its outreach. For example, in our recent report on the Summer Food Program, we pointed out to FNS that it could serve even more eligible people if there

was a greater focus on effective outreach to the populations for which that assistance was intended.<sup>50</sup> OIG additionally has ongoing FNS engagements related to the SNAP Waiver Process and the oversight of COVID19 funding for SNAP Online Purchasing and Pandemic Electronic Benefits Transfer. In addition to FNS engagements, we also have an ongoing inspection related to COVID19 fund use in the Agricultural Marketing Service's Farmers to Families Food Box Program as well as an ongoing audit of the Office of Partnership and Public Engagement's policies, procedures, and internal controls related to its program for outreach and assistance to socially disadvantaged farmers and ranchers, and veteran farmers and ranchers.

MEMBER: REP. GRACE MENG

HEARING: USDA OFFICE OF INSPECTOR GENERAL

DATE: FEBRUARY 25, 2021

#### **Pandemic EBT**

67. Pandemic EBT has been tremendously beneficial for so many families in Queens. Because all New York public school students receive free lunch, all NYC public school families benefited from this program. Now that we're in the second school year of this program, how is USDA collaborating with states to make sure this program is implemented effectively?

The Center on Budget and Policy Priorities issued a report in the fall indicating lessons learned from early implementation of P-EBT. Their recommendations include:

- Encouraging close and early collaboration between SNAP and Child Nutrition agencies;
- Improving data matching processes or "direct certification";
- Issuing benefits directly to children when possible;
- Keeping the application simple, short, and public, with an alternative to an online application; and
- Providing the application in multiple languages.

Is this program as streamlined as possible in order to reach the intended recipients?

From the OIG's perspective, has USDA communicated with and sufficiently supported states as they implement this new and complicated program?

**Response:** OIG's ongoing inspection of Pandemic EBT (P-EBT) covers USDA's processes and criteria used in approving P-EBT distribution to the States and the status of P-EBT funds distributed to the States. The inspection also reviews the outreach activities performed by USDA.

Our estimated issuance of the report is December 2021. Once our work is completed, we anticipate being able to provide more information on the implemented program and how USDA collaborated with States.

#### **Socially Disadvantaged Member Groups**

68. In your 2020 management challenges report, your office emphasized the importance of ensuring that USDA programs reach socially disadvantaged member groups, and that based on the department's history of failing to address past civil rights issues, USDA must place extra emphasis on earning trust in these communities.

<sup>50</sup> Audit Report 27601-0005-41, *Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP*, September 2020.

To what extent have COVID programs enacted through Families First and CARES been able to adopt those recommendations earning the trust of and reaching socially disadvantaged groups?

**Response:** OIG's ongoing COVID19 funding oversight engagements have focused on evaluating and performing limited tests of internal control systems for programs to ensure: (1) funds are distributed timely; (2) program participants meet eligibility requirements; and (3) payments are accurately computed. With the exception of one inspection, the ongoing engagements only review payments to the States, not final payments to individual recipients. Within the ongoing inspection of the Farm Service Agency's Coronavirus Food Assistance Program—Direct Support, OIG is reviewing payments to farmers, which could include but is not specifically focused on socially disadvantaged groups.

TUESDAY, MARCH 9, 2021.

**FDA'S FOREIGN DRUG INSPECTIONS PROGRAM**

**WITNESS**

**MARY DENIGAN-MACAULEY, PH.D., DIRECTOR, HEALTH CARE, PUBLIC HEALTH & PRIVATE MARKETS, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Mr. BISHOP. Thank you. Good morning.

This hearing will now come to order of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee.

As this hearing is fully virtual, we have to address a few house-keeping matters. For today's hearing, the chair or staff designated by the chair may mute participants' microphones when they are not under recognition for purposes of eliminating inadvertent background noise. Members are responsible for muting and unmuting themselves. If I notice that you have not unmuted yourself, I will ask you if you would like the staff to unmute you. If you indicate approval by nodding, then the staff will unmute your microphone.

I remind all members and witnesses that the 5-minute clock still applies. If there is a technology issue, we will move to the next issue in order until the issue is resolved, and you will retain the balance of your time. You will notice a clock on your screen that will show how much time is remaining.

At 1 minute remaining, the clock will turn yellow. At 30 seconds remaining, I will gently tap the gavel to remind members that their time is almost expired. When your time has expired, the clock will turn red, and I will begin to recognize the next member.

In terms of speaking order, we will begin with the chair and ranking member, then alternating between majority and minority, with members present at the time the hearing starts in order of seniority. After that, members not present at the time the hearing starts will be recognized in the order that they join.

Finally, House rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing at any of our hearings or markups. That email address has been provided in advance to your staff. Last reminder, please ensure that your video is turned on at this time.

Well, I would like to welcome everyone to today's hearing on this very, very important topic. Our witness today is Dr. Mary Denigan-Macauley, and she has been at the Government Accountability Office since 2001, has a wealth of knowledge on the issues that we will be discussing today. We look forward to hearing from you and we thank you for your close attention and your hard work to highlight this issue.

Today three quarters of the supply of active pharmaceutical ingredients, and about half of the supply of finished doses in the U.S.

market are produced overseas. In the past, the FDA focused on hitting inspection targets to ensure certain facilities were being inspected on a predictable schedule. The rapid and continued growth in foreign facilities has made it impossible to continue this approach.

FDA now employs a risk-based model for selecting and prioritizing its inspections. The past 30 years have brought tremendous growth in the global pharmaceutical market. The GAO has been studying the FDA's foreign drug inspections program for nearly that entire period. And since 2009, GAO has placed FDA's ability to oversee the global pharmaceutical supply chain, which includes the foreign drug inspections program, on its high-risk list. This is unacceptable.

The highest priority of the FDA is to ensure the safety and efficacy of medical products. The countless Americans who depend on life-saving drugs each day should not have to worry about whether that drug was produced in a dangerous or unsafe facility. I have been very troubled by recent news reports about the dangers of tainted drugs and unacceptable manufacturing practices coming from overseas. Instances of contaminants making their way into blood pressure medications, reports from inspectors who have observed paper shredding campaigns, and descriptions of inspectors playing a cat-and-mouse game with foreign manufacturers intent on hiding problems, paints a very frightening picture of the global health of our drug supply. Inspections are some of our most valuable tools in the fight against fraud, and it sounds like we have got to do a better job.

Now, GAO has really studied this issue since 1998 and weaknesses in the FDA oversight of foreign drug manufacturers has become even more concerning, because FDA now estimates that 74 percent of our active pharmaceutical ingredients, which are the primary ingredients in our drugs, and over 54 percent of the finished doses, which are the tablets, the capsules, and the pills that contain the active pharmaceutical ingredients that are taken by patients, that those are manufactured overseas.

Forty percent of all foreign plants exporting drugs to the U.S. are in India and China, while most foreign inspections in those countries, FDA found that those plants received significantly lower scores for quality on average than the EU or U.S. plants. According to analysis conducted by the GAO, 60 percent of foreign inspections are classified as voluntary action indicator. I note that, although the corrective actions are voluntary, it means that there is still issues in those plants.

There are really—really serious issues are in our inspections of foreign plants. While the domestic inspections are almost always conducted on an unannounced basis, the majority of foreign plants receive notice of the inspection as much as 12 weeks in advance. In addition, the foreign inspections typically involve weeks of on-site work. This raises questions about whether that is parity between foreign and domestic inspections and what sorts of issues FDA may not be catching when it comes to foreign facilities.

FDA relies on the manufacturers, the companies for translation services in many instances, and that raises questions about the validity of the translations. There have been allegations as far back



as 1993 that the FDA management frequently downgrades the inspectors' recommended actions.

In 1996, GAO found that two-thirds of the inspectors' recommended actions were downgraded. Downgrading for findings is a recurring claim by recent whistleblowers. In May 2019, The New York Times published an article that calls into question the quality, the safety, and the reliability of brand and generic drugs that were made overseas, and it chronicles a former FDA consumer safety officer who found, while he was inspecting foreign manufacturing plants in both China and India between 2012 and 2018, during the course of his years, he discovered fraud and deception in 67 of the 86 drug manufacturing plants that he inspected.

He routinely uncovered hidden laboratories, fake quality control, defective sterilization machines, toxic impurities, and the article also outlines how, from 2013 to 2018, the FDA downgraded the regulatory sanctions against more than 100 Indian plants, changing the designation from official action indicated to voluntary action indicated.

NBC, in May of 2019, highlighted a different FDA inspector who had also spent time in China and India inspecting manufacturing facilities. One plant in Linhai, China had numerous incidences, including anomalies in testing, unknown impurities. And the inspector recommended a warning letter to the facility which would bar it from gaining approvals to produce new drugs at the facility.

The FDA reportedly overruled his recommendation. In December of 2016, GAO reported that a number of foreign drug facilities—that there were a number that had never been inspected. And that about one in three, 1,000 of the approximately 3,000 foreign manufacturing facilities had not been likely inspected.

It identified 189 of the 572 facilities in India, 243 of the 535 facilities in China, that may never have been inspected.

It is very, very frustrating. And according to the reports in 2013, the FDA created a pilot program in India to reduce the reliance on preannounced inspections, and to perform more short-notice, or unannounced inspections.

According to the reports of that 2013 experiment, it exposed widespread malfeasance that had otherwise been hidden because of the advanced warning notice system. Among the findings, the inspections found bird infestations, missing samples, fake laboratories, all of which negatively impact drug quality and safety.

Under the pilot program, the FDA issued a 60 percent increase in official action indicated findings. That program was eliminated in 2015, and FDA has never really explained why. So, in order to address some of these issues, our fiscal year 2021 bill included \$3.5 million for the FDA to increase efforts to perform the unannounced inspections in India and China.

So, today, we are here to discuss how the FDA conducts these foreign inspections, compared to our domestic ones, how the FDA's inspection efforts have been impacted by COVID-19, and how the FDA can improve its foreign drug inspections program moving forward. To put it simply, we will use what we learn today to keep FDA accountable, and most importantly, to make them do their job.

Importance of this task cannot be overstated, considering that nearly all foreign inspections have been on pause since the out-

break of COVID-19. Whether this requires more resources to enhance our domestic manufacturing capabilities, or whether this requires larger investments to deploy more inspectors abroad or both, I am committed to ensuring that the FDA has the right tools, and that it carries out the right policies to address this crisis.

The health, safety, and welfare of the American people are at great peril. We have got to strengthen the inspection programs, particularly in China and India, and reduce the practice of providing months' notice. I hope it will become an important tool to help address the inspections issues that have arisen and that are with COVID-19 and beyond.

So Dr. Denigan-Macauley, I want to, again, express my appreciation for your participation today. I look forward to hearing from you about what challenges remain, how we can help improve the foreign drug inspections program moving forward.

And at this time, let me ask our distinguished ranking member, my partner, Mr. Fortenberry, if he would like to provide any opening remarks, and if so—and I presume he would—I would like to recognize him at this time.

MR. FORTENBERRY. Thank you so much, Mr. Chairman. Before I begin my own remarks, let me commend you for that passionate, excellent summary of why we are here today. I so appreciate your leadership on this question and so many others.

This hearing today is about one thing, one thing only: Are our drugs safe? And the COVID pandemic has shown us that we have a much-overlooked problem. In the name of global profiteering, we have enabled the outsourcing of pharmaceutical production to foreign countries, a significant portion of it to the very place of origin of the coronavirus in China.

Approximately 75 percent, as was mentioned of active drug ingredients, and 50 percent of finished drugs on the American market from ibuprofen to antibiotics, are produced outside of America. Even if we vigilantly inspect the domestic manufacturing process, we cannot possibly get a handle on drug safety when our drugs are sourced from over 150 countries. There is an inherent and unfair duality, however, in how FDA's foreign and domestic inspections are carried out. It is my understanding that FDA inspectors normally conduct surprise inspections in the United States to ensure that drug companies are producing medicine in a safe, clean, and responsible manner.

But as we just heard from our chairman, when it comes to foreign inspections, the FDA customarily gives companies advanced notice, often as much as 12 weeks, enabling drug suppliers plenty of time to clean up their act.

This is counterproductive, and it is wrong. And it creates an unlevel playing field for companies trying to manufacture drugs in the United States. Compounding these problems, FDA inspectors also face obstruction, coercion, and sometimes, deception in other places.

At the Health and Human Services Inspector General hearing last year, I asked why so much drug production has moved overseas. I already knew the primary answer, of course: to capitalize on low wages and lax environmental safety and labor standards in other countries.

My fuller intention was to probe whether or not U.S. law and regulatory structure may perversely encourage offshoring. These troubling dynamics take on a special urgency, given what we have gone through this past year with this pandemic. Solving these issues became easier, it will become easier when we fully identify and inspect foreign sources of drugs and drug ingredients. But with the bulk of our foreign drug supply originating from, again, a country that suppressed news about the origin, severity, and timing of COVID-19, I am not very optimistic.

Last year, it needs to be pointed out, that Chairman Bishop and I worked on a change in the appropriation bill to ensure that FDA has the power to refuse drugs at our border when the agency is not granted sufficient access to information about how medicines are produced in foreign-based facilities. I am just going to repeat that sentence, Mr. Chairman, because I think it is very important to highlight.

Chairman Bishop and I worked on a change in last year's bill, law, to ensure that FDA has the power to refuse drugs at the border when the agency is not granted sufficient access to information about how medicines are produced in foreign-based facilities. It is a powerful tool, and I hope it is utilized well.

Mr. Chairman, if the pandemic has taught us anything, it is that "made in America" must apply to more than just our military. America is becoming inordinately dependent on other countries for the manufacture of many of our pharmaceutical ingredients and final drug products. I would like to see "made in America" on the prescription bottle. I would certainly feel better.

With that, Mr. Chairman, I look forward to today's hearing.

Thank you very much.

Mr. BISHOP. Thank you, Mr. Fortenberry.

At this time I am pleased to recognize the chairwoman of the Full Committee of Appropriations, the gentlelady from Connecticut, Chair Rosa DeLauro.

The CHAIR. Thank you very, very much, Mr. Chair, and let me thank you and Ranking Member Fortenberry for holding this very, very important hearing this morning, and I think it does bear repeating: I want to thank you both for your leadership in this area and what you have done to really to give FDA the authority, if you will, to deny drugs at the border without the transparency that is required. So thank you for being vigorous about this oversight. Let me also say a thank you to Dr. Mary Denigan-Macauley for testifying this morning.

Now, when most Americans take a pill out of a medicine cabinet, they may not think twice about where the ingredients in it came from, but as foreign manufacturing of drugs has grown considerably in recent years, it is now estimated that around 80 percent of all drug ingredients come from foreign countries.

Unfortunately, the Food and Drug Administration's foreign drug inspections program has failed to keep up. As our witness will testify today, GAO has studied FDA's oversight of the global pharmaceutical supply chain since 1998, and the results are not good. GAO has included the FDA on its high-risk series since 2009. One of the main problems is that FDA gives foreign drug manufacturers, as has been stated, but not American ones, advanced notice of inspec-

tions, 12 weeks of advanced notice and that has allowed foreign manufacturers to fabricate or shred data, use hidden laboratories, or secretly repeat tests before the FDA inspectors arrived.

By contrast, in unannounced inspections, investigators have found issues the plants were unable to hide: important manufacturing records tossed in a trash bin, bird and insect infestations, even human urine puddled on the floor. Clearly, that is not a safe or sterile manufacturing area. These shoddy practices result in drugs with unapproved ingredients, toxic impurities, and dangerous particulates making their way into American medicine cabinets.

In 2007, 2008, hundreds, hundreds of Americans died from contaminated Heparin, an anticoagulant drug manufactured overseas. In 2018 and 2019, dozens of blood pressure and anti-ulcer drugs were recalled because they contained more than 200 times the acceptable limit of a known carcinogen. But now, because of the pandemic, the FDA has stopped nearly all overseas inspections and, unfortunately, this means the FDA's work to prevent potentially tainted drugs from entering the U.S. is even more difficult.

The GAO report was stunning, and that even so, that the FDA uses alternative inspection tools to maintain some oversight of drug manufacturing quality, while inspections are paused, and the tools rely on inspections conducted by foreign regulators. And requesting and reviewing records and other information and sampling and testing drugs, FDA has determined that inspections conducted by certain European regulators are equivalent to and can be substituted for an FDA inspection.

That is wrong, because other tools provide useful information, but are not equivalent to what rate of inspection that we deal with at the FDA. And we also know that the GAO reported, from fiscal year 2016 to 2018, both foreign and domestic inspections decreased. Today, we are taking a look; and, again, I compliment the chair and the ranking member, a closer look at how FDA's inspections have been impacted by this pandemic; critically, how we can ensure the FDA has the resources that it needs to restart and approve its foreign drug inspections program.

Americans trust and rely on these medicines to take care of themselves and their families. Many are sick and vulnerable, and many more are elderly. They should not have to fear whether the drugs they take could make their symptoms worse or even kill them. They should be able to trust that unsafe drugs will never get into their medicine cabinets in the first place.

And with that, I thank Chairman Bishop and Ranking Member Fortenberry.

And I yield back.

Mr. BISHOP. Thank you very much, Chairwoman DeLauro. I normally recognize the full committee Ranking Member, Ms. Granger, but I don't believe she has joined us as of yet. If she should join us, we will allow her to give remarks upon her arrival.

Dr. Denigan-Macauley, welcome. And without objection, your entire written testimony will be included in the record. I recognize you now for your statement, which I hope you will summarize, and then we will proceed with questions. You can summarize or you can give the entire statement, it is up to you, but the more time

that you leave for questions, I think, the better. The committee will be able to delve into the issues surrounding this very, very serious crisis.

So, at this time, I am delighted to recognize Dr. Denigan-Macauley for your testimony, please, ma'am. And welcome.

Ms. DENIGAN-MACAULEY. Thank you, and good morning, Chairman Bishop, Ranking Member Fortenberry, Chairwoman DeLauro, and members of the subcommittee. And I am happy to do a summary rather than read the entire statement.

Thank you for the opportunity to discuss our work on FDA's foreign drug inspection program. FDA is responsible for overseeing the safety and effectiveness of drugs marketed in the United States, regardless of where they are produced. Today, the majority of drugs destined for the United States are manufactured overseas. A critical element in FDA's oversight of these drugs is inspections.

However, since 1998, as you have pointed out, we have raised concerns about the effectiveness of FDA's oversight of this increasingly global supply chain, including how few inspections FDA had conducted overseas, not knowing how many foreign drug establishments were actually subject to inspection, and persistent vacancies among investigators who conducted the inspections.

We also identified unique challenges that influence the manner in which FDA conducted these inspections overseas, raising questions about their equivalency to those in the United States. For example, as you also mentioned, FDA provided foreign establishments significant notice that an investigator was coming, compared to no notice in the U.S.

And FDA relied on these establishments for translation services, raising questions about the accuracy of the information. In 2009, we added FDA's oversight of medical products to our high-risk series, citing the agency's inability to ensure the quality of drugs manufactured overseas. I am pleased to report that FDA has made some progress over the two decades.

For example, FDA is gaining a better understanding of which drug establishments are subject to inspection. The agency has also increased the number of overseas inspections, and in fiscal year 2015, for the first time, the number of foreign inspections surpassed domestic, with 40 percent in India and China better reflecting where manufacturing is occurring.

While we applaud the progress, challenges remain. For example, as we learn from investigators, and on our site visits to India and China just prior to the pandemic, FDA continues to rely on the establishments for translations, and still provides up to 3 months advanced notice for most of these, giving manufacturers the chance to fix problems before an investigator even arrives.

In addition, investigators have little flexibility to extend their time at a facility, to follow leads due to back-to-back inspections, and they are often alone inspecting massive manufacturing campuses. Further, since its peak in 2016, the number of inspections have generally declined, which FDA attributed, in part, to inspector vacancies.

Moreover, since March of 2020, citing concerns for the safety of its employees during the pandemic, FDA has now largely paused foreign and domestic inspections only conducting a handful of what

the agency deemed mission critical. FDA has used alternative inspection tools to maintain some oversight of drug manufacturing quality during this pause. These tools include relying on inspections conducted by foreign regulators, reviewing establishment records, and testing drugs at the border.

While these tools can provide useful information, most do not substitute for an inspection, and FDA will face a backlog as it was unable to complete more than 1,000 of its planned inspections for fiscal year 2020. In January, we recommended that FDA make plans to address this backlog and assess how alternative tools can be used to augment or replace inspections. FDA concurred with both.

The globalization of drug manufacturing presented FDA with new challenges, many of which have been exacerbated by the pandemic. While the agency has taken steps to adapt, further action will be needed to ensure it can continue to fulfill its oversight responsibilities in the future.

Thank you, Chairman Bishop, Ranking Member Fortenberry, and members of the subcommittee, for holding this important hearing. This concludes my prepared remarks. I am happy to respond to any questions you may have.

[The information follows:]



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United States Government Accountability Office

Testimony before the Subcommittee on  
Agriculture, Rural Development, Food  
and Drug Administration, and Related  
Agencies, Committee on Appropriations,  
House of Representatives

For Release on Delivery  
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## DRUG SAFETY

### FDA's Future Inspection Plans Need to Address Issues Presented by COVID-19 Backlog

Statement of Mary Denigan-Macauley, Director,  
Health Care

**GAO@100**  
A Century of Non-Partisan Fact-Based Work

## GAO 100 Highlights

Highlights of GAO-21-409T, a testimony before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, Committee on Appropriations, House of Representatives

### Why GAO Did This Study

The outbreak of COVID-19 has called greater attention to the United States' reliance on foreign drug manufacturers. FDA reports that 74 percent of establishments manufacturing active ingredients and 54 percent of establishments manufacturing finished drugs for the U.S. market were located overseas, as of May 2020. FDA is responsible for overseeing the safety and effectiveness of all drugs marketed in the United States, regardless of where they are produced, and it conducts inspections of both foreign and domestic manufacturing establishments.

GAO has had long-standing concerns about FDA's ability to oversee the increasingly global pharmaceutical supply chain, an issue highlighted in GAO's High Risk Series since 2009.

This statement is largely based on GAO's Drug Manufacturing Inspections enclosure in its January 2021 CARES Act report, as well as GAO's December 2019 and June 2020 testimonies. Specifically, it discusses (1) the number of FDA's foreign inspections, (2) FDA's response to the COVID-19 pandemic pause in inspections, and (3) persistent foreign inspection challenges. For that work, GAO examined FDA data from fiscal years 2012 through 2020, interviewed FDA investigators, and reviewed documents related to drug oversight during the COVID-19 pandemic, among other things.

View GAO-21-409T. For more information, contact Mary Denigan-Macauley at (202) 512-7114 or [deniganmacauley@gao.gov](mailto:deniganmacauley@gao.gov).

March 2021

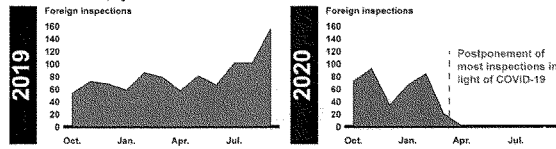
## DRUG SAFETY

### FDA's Future Inspection Plans Need to Address Issues Presented by COVID-19 Backlog

### What GAO Found

Fiscal year 2015 was the first time that the Food and Drug Administration (FDA) conducted more inspections of foreign drug manufacturers than domestic manufacturers, with the majority conducted in China and India. However, in June 2020, GAO reported that from fiscal year 2016 through fiscal year 2018, both foreign and domestic inspections decreased, in part due to staffing vacancies. While foreign inspections increased in 2019, since March 2020, FDA has largely paused foreign and domestic inspections due to the Coronavirus Disease 2019 (COVID-19) pandemic, conducting only those deemed mission critical. In January 2021, GAO reported that FDA conducted three foreign inspections in fiscal year 2020 following the pause—significantly less than in recent years.

Number of FDA-Conducted Foreign Drug Manufacturing Establishment Inspections, Fiscal Years 2019–2020, by Month



Source: GAO analysis of Food and Drug Administration (FDA) data. | GAO-21-409T

FDA has used alternative inspection tools to maintain some oversight of drug manufacturing quality while inspections are paused. These tools include relying on inspections conducted by foreign regulators, requesting and reviewing records and other information, and sampling and testing drugs. FDA has determined that inspections conducted by certain European regulators are equivalent to and can be substituted for an FDA inspection. Other tools provide useful information but are not equivalent. In addition, FDA was unable to complete more than 1,000 of its planned fiscal year 2020 inspections and will likely face a backlog of inspections in future years. In January 2021, GAO recommended that FDA ensure that inspection plans for future fiscal years respond to the issues presented by the backlog and that FDA fully assess the agency's alternative inspection tools. FDA concurred with both recommendations.

Even before the COVID-19 pandemic, FDA faced persistent challenges conducting foreign inspections. GAO found in December 2019 that there continued to be vacancies among the investigators who conduct foreign inspections. GAO further found that FDA's practice of preannouncing foreign inspections up to 12 weeks in advance could give manufacturers the opportunity to fix problems ahead of the inspection and raised questions about their equivalence to domestic inspections. In light of COVID-19, FDA is now preannouncing both foreign and domestic inspections for the safety of its staff and manufacturers. GAO also found that language barriers can create challenges during foreign inspections as FDA generally relies on the establishment for translation services.



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Chairman Bishop, Ranking Member Fortenberry, and Members of the Subcommittee:

I am pleased to be here today to discuss our work on the Food and Drug Administration's (FDA) oversight of drugs manufactured overseas.<sup>1</sup> The outbreak of Coronavirus Disease 2019 (COVID-19) has called greater attention to the United States' reliance on foreign drug manufacturers and highlighted once again the importance of ensuring a secure pharmaceutical supply chain. Like the majority of other drugs manufactured for the U.S. market, much of the manufacturing of drugs for treating COVID-19 occurs overseas.

We have had long-standing concerns about FDA's ability to oversee the increasingly global pharmaceutical supply chain, an issue highlighted in our High Risk Series since 2009.<sup>2</sup> A critical element in FDA's oversight of overseas manufacturing is its inspection of foreign manufacturing establishments. The COVID-19 pandemic has further complicated FDA's foreign inspection activities. Citing concern for the safety of its employees, FDA announced in March 2020 that it was postponing most inspections of foreign manufacturing establishments. Only inspections deemed mission critical would still be considered on a case-by-case basis. In its announcement, FDA stated that it had other tools to ensure the safety of the U.S. drug supply and that it was evaluating additional ways to conduct its inspections.

My remarks today primarily discuss findings on FDA's foreign drug inspection program that we previously reported in December 2019 and June 2020 testimonies, and in our Drug Manufacturing Inspections

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<sup>1</sup>Drugs are defined to include, among other things, articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease and include components of those articles. See 21 U.S.C. § 321(g)(1)(B), (D). An active pharmaceutical ingredient includes, among other things, any component that is intended to provide pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease. See 21 C.F.R. § 207.1 (2019). In this testimony, we refer both to drug products—drugs in their finished dosage forms—and to active pharmaceutical ingredients as “drugs.”

<sup>2</sup>See GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, GAO-19-157SP (Washington, D.C.: Mar. 6, 2019). See also GAO, *Food and Drug Administration: Improvements Needed in the Foreign Drug Inspection Program*, GAO/HEHS-98-21 (Washington, D.C.: Mar. 17, 1998) and *Drug Safety: Better Data Management and More Inspections Are Needed to Strengthen FDA's Foreign Drug Inspection Program*, GAO-08-970 (Washington, D.C.: Sept. 22, 2008).

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enclosure in the January 2021 CARES Act report.<sup>3</sup> Specifically, this statement provides observations on

- (1) the number of FDA's foreign inspections,
- (2) FDA's response to the COVID-19 pandemic pause in inspections, and
- (3) persistent foreign inspection challenges.

For our prior work, we analyzed FDA data from fiscal year 2012 through fiscal year 2020 on inspections of foreign drug manufacturing establishments and interviewed FDA drug investigators. Further, we reviewed agency documents, and interviewed FDA officials related to the agency's drug oversight activities during the COVID-19 pandemic. More detailed information on our objectives, scope, and methodology for that work can be found in the two testimonies and January 2021 report.<sup>4</sup> We also obtained updates from FDA on the status of inspections, as of February 2021, for this testimony statement. The work on which this statement is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

Drugs sold in the United States—including active pharmaceutical ingredients and finished dosage forms—are manufactured throughout the world. According to FDA, as of May 2020, 74 percent of establishments manufacturing active pharmaceutical ingredients and 54 percent of establishments manufacturing finished drugs for the U.S. market were

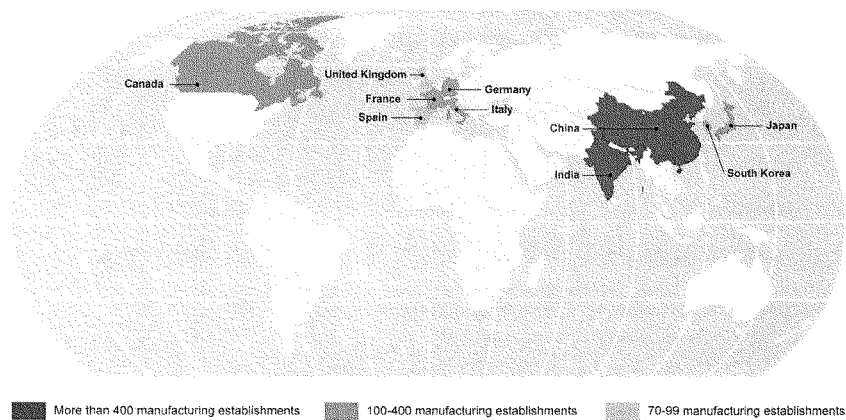
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<sup>3</sup>See GAO, *Drug Safety: Preliminary Findings Indicate Persistent Challenges with FDA Foreign Inspections*, GAO-20-262T (Washington, D.C.: Dec. 10, 2019); *Drug Safety: COVID-19 Complicates Already Challenged FDA Foreign Inspection Program*, GAO-20-626T (Washington, D.C.: June 2, 2020); and *COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention*, GAO-21-265 (Washington, D.C.: Jan. 28, 2021).

<sup>4</sup>GAO-20-262T, GAO-20-626T, and GAO-21-265.

located overseas.<sup>5</sup> As of March 2019, FDA data showed that India and China had the most manufacturing establishments shipping drugs to the United States, with about 40 percent of all foreign establishments in these two countries. (See fig. 1.)

Figure 1: The 10 Countries with the Most Foreign Drug Establishments Shipping to the United States as of March 2019



Source: GAO analysis of Food and Drug Administration data (data); National Atlas (base map). | GAO-21-409T

Note: This figure includes the 10 countries with the most foreign drug establishments shipping to the United States and does not include those countries with fewer than 70 establishments. The count of foreign establishments represents the number of establishments that were known to ship or were likely to ship a drug to the United States as of March 2019. This count excludes about 380 establishments that participate in some aspect of the manufacturing process, such as sterilizers and analytical labs, but do not ship products to the United States directly. Such establishments are also subject to inspection.

<sup>5</sup>Judith A. McMeekin, Pharm.D., Associate Commissioner for Regulatory Affairs, Office of Regulatory Affairs, Mark Abdo, Associate Commissioner for Global Policy and Strategy, and Douglas Throckmorton, M.D., Deputy Director for Regulatory Programs, Center for Drug Evaluation and Research, Food and Drug Administration, *COVID-19 and Beyond: Oversight of the FDA's Foreign Drug Manufacturing Inspection Process*, testimony before the Senate Committee on Finance, 116th Cong., 2nd sess., June 2, 2020. According to FDA, although the agency has information on the location of drug manufacturing establishments, it does not have information on the volume of drug ingredients these establishments manufacture for the U.S. market.

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FDA is responsible for overseeing the safety and effectiveness of all drugs marketed in the United States, regardless of where they are manufactured. Drugs manufactured overseas to be offered for import and sale in the United States must meet the same statutory and regulatory standards as those manufactured in this country. FDA's Center for Drug Evaluation and Research establishes standards for the safety, quality, and effectiveness of, and manufacturing processes for, over-the-counter and prescription drugs. FDA's Office of Regulatory Affairs inspects both domestic and foreign establishments to ensure that drugs are produced in conformance with applicable laws of the United States, including current good manufacturing practice (CGMP) regulations.<sup>6</sup>

FDA typically conducts 1) preapproval inspections before approving a new brand name or generic drug; 2) surveillance inspections periodically based on a risk analysis after a drug is marketed to ensure continued compliance with applicable laws and regulations; and 3) for-cause inspections to investigate specific issues or follow-up on previous FDA regulatory action. To prioritize establishments for surveillance inspections, FDA applies a risk-based site selection model to its catalog of establishments to identify those establishments (both domestic and foreign) that, based on the characteristics of the drugs being manufactured, pose the greatest potential public health risk should they experience a manufacturing defect. Through this process, FDA develops a ranked list of establishments for inspection.

In 1998, and again in 2008, we found that FDA inspected relatively few foreign drug manufacturing establishments and that challenges unique to foreign inspections influenced the manner in which FDA conducted such inspections.<sup>7</sup> In our 2008 report we recommended that FDA increase the number of foreign inspections it conducts, and FDA agreed with our recommendation. We found in 2010, and again in 2016, that FDA was conducting more inspections of foreign establishments.<sup>8</sup> In our 2008

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<sup>6</sup>CGMPs provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities. See 21 C.F.R. pts. 210, 211, 212 (2019). FDA considers nearly all drug establishment inspections to include an assessment of CGMPs.

<sup>7</sup>GAO/HEHS-98-21 and GAO-08-970.

<sup>8</sup>See GAO, *Drug Safety: FDA Has Conducted More Foreign Inspections and Begun to Improve Its Information on Foreign Establishments, but More Progress Is Needed*, GAO-10-961 (Washington, D.C.: Sept. 30, 2010) and *Drug Safety: FDA Has Improved Its Foreign Drug Inspection Program, but Needs to Assess the Effectiveness and Staffing of Its Foreign Offices*, GAO-17-143 (Washington, D.C.: Dec. 16, 2016).

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report we also found that, because of inaccurate information in FDA's databases, the agency did not know how many foreign drug establishments were subject to inspection.<sup>9</sup> We recommended that FDA take steps to improve the accuracy of this registration information. In our 2010 and 2016 reports we found that FDA had taken steps to improve the accuracy and completeness of information in its catalog of drug establishments subject to inspection, such as using contractors to conduct site visits to verify the existence of registered foreign establishments and confirm that they manufacture the products that are recorded in U.S. import records.

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#### FDA's Foreign Inspections Declined in Recent Years After Several Years of Increases, and Then Mostly Stopped Due to the COVID-19 Pandemic

Prior to the COVID-19 Pandemic, FDA Foreign Drug Inspections Had Increased for Several Years, but Started Trending Downward in Fiscal Year 2017

As we reported in our June 2020 testimony, the number of FDA foreign drug manufacturing establishment inspections increased from fiscal year 2012 through fiscal year 2016, surpassing the number of domestic inspections for the first time.<sup>10</sup> However, we found that from fiscal year 2016 through 2018, both foreign and domestic inspections decreased—by about 10 percent and 13 percent, respectively. FDA officials attributed the decrease to vacancies in the number of investigators available to conduct inspections (which we discuss later in this testimony statement) and to inaccurate data used to select establishments for inspection in

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<sup>9</sup>GAO-08-970.

<sup>10</sup>GAO-20-626T.

fiscal years 2017 and 2018.<sup>11</sup> FDA conducted more foreign inspections in fiscal year 2019 than in fiscal year 2018, but the total number of inspections continued to decline from the fiscal year 2016 peak.

In addition, we found that FDA continued to conduct the largest number of foreign inspections in India and China, with almost half of fiscal year 2019 foreign inspections conducted in these two countries. (See table 1.) In addition to India and China, the rest of the countries in which FDA most frequently conducted inspections has generally been the same since our 2008 report.<sup>12</sup>

**Table 1: Total Number of FDA Foreign Drug Inspections, by Country, Fiscal Years 2012 through 2019**

Country	2012	2013	2014	2015	2016	2017	2018	2019
India	140	110	114	204	207	219	252	305
China	59	74	113	127	173	165	153	167
Canada	49	51	39	52	56	72	48	70
Germany	59	60	72	68	72	69	68	69
Japan	49	28	47	31	65	46	43	51
All other countries	269	314	394	358	462	422	371	315
<b>Total foreign</b>	<b>625</b>	<b>637</b>	<b>779</b>	<b>840</b>	<b>1,035</b>	<b>993</b>	<b>935</b>	<b>977</b>
<b>Total domestic</b>	<b>1,184</b>	<b>1,030</b>	<b>897</b>	<b>784</b>	<b>882</b>	<b>772</b>	<b>742</b>	<b>694</b>
<b>Total inspections</b>	<b>1,809</b>	<b>1,667</b>	<b>1,676</b>	<b>1,624</b>	<b>1,917</b>	<b>1,765</b>	<b>1,677</b>	<b>1,671</b>

Source: GAO analysis of Food and Drug Administration (FDA) data. | GAO-21-409T

Note: The total number of inspections includes those conducted for preapproval, surveillance, and for-cause purposes.

<sup>11</sup>We reported in December 2019 that an FDA effort to inspect approximately 1,000 foreign establishments that lacked an inspection history contributed to the decline in the number of foreign inspections because a sizeable percentage of these establishments were not actually subject to inspection. Therefore, these establishments were removed from the inspection list. FDA officials told us that domestic establishments replaced these removed establishments as they were the next highest priority establishments identified through the model.

<sup>12</sup>GAO-08-970.

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**FDA Postponed Most  
Foreign Inspections since  
March 2020 Due to the  
COVID-19 Pandemic**

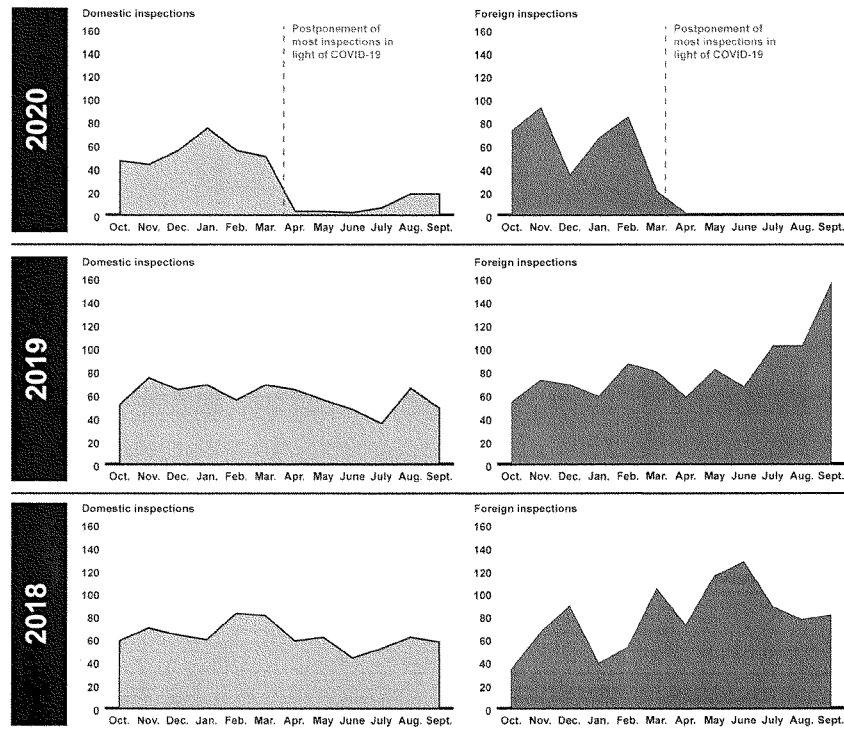
In our January 2021 report, we found that the total number of FDA inspections of foreign establishments was about 60 percent lower in fiscal year 2020 than during each of the previous 2 fiscal years.<sup>13</sup> From March 2020 (when FDA announced it would temporarily not conduct any foreign or domestic inspections other than those deemed mission critical) through the end of the fiscal year, FDA conducted three foreign mission critical inspections—one each in Canada, Germany, and India. In contrast, during the same time frame in each of the prior 2 years, FDA conducted more than 600 foreign inspections. FDA's domestic inspection activities also decreased significantly in 2020, though FDA conducted more domestic inspections than foreign inspections during the pandemic—52 from March through October 1, 2020.<sup>14</sup> (See fig. 2.)

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<sup>13</sup>GAO-21-265.

<sup>14</sup>In July 2020, FDA announced that it planned to resume domestic inspections, contingent on a rating system that incorporates information on COVID-19 infection trends in a geographic area. Depending on an area's rating, FDA's inspection activities were to range from mission critical inspections only to the resumption of all inspections. According to FDA's area rating data, as of December 3, 2020, conditions were appropriate for conducting routine surveillance inspections in 49 U.S. counties, with regulatory activity limited to mission critical inspections only in the more than 3,000 remaining counties.

Figure 2: Domestic and Foreign Drug Manufacturing Establishment Inspections Conducted by FDA, Fiscal Years 2018-2020, by Month



Source: GAO analysis of Food and Drug Administration (FDA) data. | GAO-21-409T



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As of February 2021, FDA had begun conducting some foreign inspections, but had not set a date for resuming routine foreign surveillance inspections in all countries. FDA said it continues to monitor the global situation and remains in contact with foreign regulators in individual countries to inform FDA's assessment of the feasibility of resuming foreign surveillance inspections as conditions improve. FDA reported that, in October 2020, staff in the agency's China office had begun conducting inspections in China. According to FDA, between October 26, 2020, and January 14, 2021, these staff had conducted nine preapproval inspections, but no surveillance inspections. FDA officials told us that staff in the agency's India office began conducting inspections in India in January 2021 and had conducted two inspections as of February 25, 2021.

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### COVID-19 Pandemic Has Forced FDA to Rely on Alternatives to Inspections and the Agency Will Likely Face an Inspection Backlog in the Future

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FDA Has Relied on Alternative Tools in Lieu of Inspections During the Pandemic, but They Are Not a Comprehensive or Long-Term Substitute

In January 2021, we reported that FDA used alternative tools to oversee drug manufacturing quality while inspections have been paused, including the use of inspections conducted by foreign regulators, requesting and reviewing records and other information, and sampling and testing drugs.<sup>15</sup> These tools provide useful information, but are not all considered equivalent to an inspection conducted by FDA.

**Inspections conducted by some foreign regulators, when available, can substitute for FDA inspections.** In light of the COVID-19 pause in inspections, FDA expanded the use of the mutual recognition agreement it has with the European Union to include inspections conducted outside of Europe by European regulators as a full substitute for FDA

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<sup>15</sup>GAO-21-265.

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inspections.<sup>16</sup> However, this only applies to certain European regulators whose inspections FDA has found to be equivalent to its own.<sup>17</sup> Inspections from other select countries (such as Australia and Japan) can be used for oversight purposes, but are not considered by FDA as substitutes for an FDA inspection.

**FDA can request and review records and other information to substitute for FDA preapproval inspections in certain circumstances.** During the COVID-19 pandemic, FDA substantially increased use of its authority to request that establishments provide records in advance of or in lieu of an inspection, requesting records from establishments in China, India, and the United States, among others.<sup>18</sup> In certain cases, FDA can substitute the review of records and other information for conducting a preapproval inspection, but such information alone cannot be used as a substitute for an FDA surveillance inspection.

**Sampling and testing are not a substitute for an inspection.** In response to the COVID-19 pandemic, FDA has adjusted the tool it uses to automatically screen drug imports to help FDA determine where to focus its sampling at the U.S. border, according to FDA officials. However, sampling and testing alone do not specifically confirm adherence to quality standards and thus cannot fully replace an FDA inspection.

Alternative tools allowed FDA to take some regulatory action against foreign drug manufacturing establishments with manufacturing deficiencies during the inspection pause. From March 1, 2020, to December 1, 2020, FDA placed 64 foreign establishments on import alert for the following reasons:

- one based on issues identified in a foreign regulator inspection report;

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<sup>16</sup>For the purposes of this report, when we refer to European regulators, we are referring to the 27 European regulators that are part of the mutual recognition agreement with FDA, plus the United Kingdom, which has a separate mutual recognition agreement.

<sup>17</sup>Inspections conducted outside of Europe by 19 of these 28 regulators can be substituted for an FDA inspection as of January 2021.

<sup>18</sup>See 21 U.S.C. § 374(a)(4). Prior to the COVID-19 pandemic, FDA used this authority in a more limited capacity to oversee 10 establishments that the agency would not routinely inspect because of travel warnings. In fiscal year 2019, for example, this included establishments in Colombia, Egypt, Israel, Mexico, Pakistan, and Saudi Arabia, among others.

- nine for refusing FDA records requests or for deficiencies identified during the agency's review of records provided in response to an FDA records request; and
- 54 based on issues identified from sampling. In addition, in January, 2021, FDA placed all alcohol-based hand sanitizers from Mexico on import alert because it identified a high proportion of methanol contamination in these drug products.<sup>19</sup>

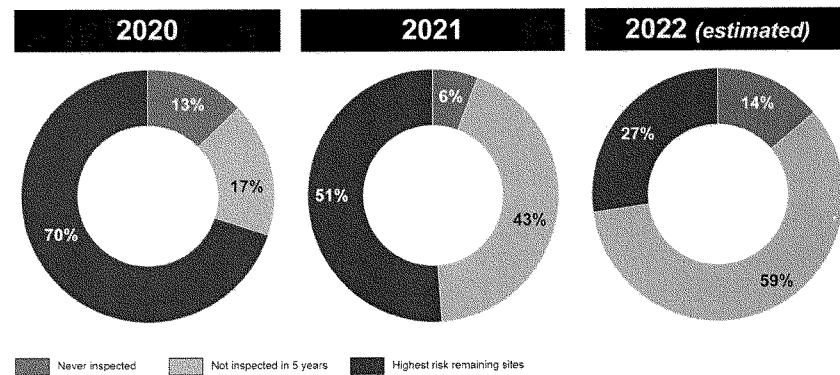
**FDA May Face an Inspection Backlog and Drug Approval Challenges as a Result of the Pause in Inspections**

As a result of the pause in inspections during the COVID-19 pandemic, FDA was unable to complete more than 1,000 of its planned fiscal year 2020 surveillance inspections. In selecting establishments for surveillance inspection each year, FDA prioritizes, as mandatory, those establishments never inspected or not inspected within 5 years. According to FDA officials, such establishments represent significant risks to drug quality, but the extent of these risks is uncertain.

In order to achieve the agency's strategic goal of risk-driven surveillance inspections, with any resources remaining after mandatory inspections, FDA seeks to maximize the number of inspections of establishments prioritized by its risk-based site selection model each year. However, due to the ongoing COVID-19 pandemic, domestic inspections continue to be limited and the vast majority of foreign inspections continue to be postponed, as of February 2021. If inspections continue to be postponed, the backlog of mandatory inspections this will create could both extend the maximum interval between inspections beyond FDA's 5-year policy and reduce the resources available in fiscal year 2022 for inspecting the other highest priority establishments identified by its model (see fig. 3).

<sup>19</sup>Food and Drug Administration, *FDA Takes Action to Place All Alcohol-Based Hand Sanitizers from Mexico on Import Alert to Help Prevent Entry of Violative and Potentially Dangerous Products into U.S., Protect U.S. Consumers*, accessed February 22, 2021, <https://www.fda.gov/news-events/press-announcements/coronavirus-covid-19-update-fda-takes-action-place-all-alcohol-based-hand-sanitizers-mexico-import>.

Figure 3: Potential Effect of COVID-19 Backlog on Distribution of FDA's Risk-Based Surveillance Inspections over Time if Fiscal Year 2021 Inspections Continue to be Postponed



Source: GAO analysis of Food and Drug Administration (FDA) information. | GAO-21-409T

Note: Fiscal year 2020 and fiscal year 2021 percentages are based on the list of establishments prioritized for inspection, which is issued in July of each year for the following fiscal year. Fiscal year 2022 percentages are our estimates based on the following assumptions: (1) that FDA will not conduct any inspections of the establishments it has never inspected or for which the inspection is outdated in fiscal year 2021 and so all of those inspections will roll over to fiscal year 2022; (2) that there will be additional establishments that have never been inspected or for which the FDA inspection is outdated (based on the average number of never and outdated inspections FDA identified as mandatory in the last 2 years); and (3) FDA's inspection capacity of 1,500 surveillance inspections per year will not change. If FDA is able to resume surveillance inspections in fiscal year 2021 or use alternative tools as substitutes for FDA inspections, then it may be able to complete a larger number of inspections of establishments, including those that have never been inspected, that have not been inspected in 5 years, or those that are the highest risk remaining sites than is reflected in our estimates and this figure.

Therefore, in January 2021, we recommended that FDA, as inspection plans for future fiscal years are developed, ensure that such plans identify, analyze, and respond to the issues presented by the backlog of inspections that could jeopardize the goal of risk-driven inspections.<sup>20</sup> FDA concurred with the recommendation and stated that it was actively tracking the list of sites that need to be inspected, and noted that the size

<sup>20</sup>GAO-21-265.

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of the backlog will depend on the extent to which alternative inspection tools are used.

The need to conduct preapproval inspections represents another challenge for FDA. As of November 2020, FDA officials told us that the agency had not experienced a significant effect on approval decisions due to the COVID-19 inspection pause. FDA notes that it is continuing its work to review and approve drug applications and that, as of October 2020, the agency had approved more than 600 brand name and generic drug applications in 2020. Representatives from three associations representing drug manufacturers stated that, because preapproval inspections may happen months before an application is approved, the postponement of inspections has not had a significant effect on FDA's ability to make drug approval decisions yet. However, two of these associations noted that the longer inspections are postponed, the more likely the inability to conduct a preapproval inspection could create larger challenges for FDA's ability to make approval decisions. FDA officials said that they are expanding the use of alternative tools to mitigate the effect of the pandemic on the agency's ability to make approval decisions when inspections are not possible.

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**FDA Has Not Fully Assessed How Its Alternative Tools or Others Can Be Used to Support Its Current and Future Drug Oversight Activities**

In January 2021 we reported that, with the exception of European regulator inspection reports, FDA has not yet fully assessed how its alternative tools can be used to supplement its regular inspection activities, or help meet its drug oversight objectives when inspections are not possible in the future.<sup>21</sup> We also noted that there may be additional tools for the agency to utilize when inspections are not possible. According to FDA officials, the agency is in the process of assessing the potential use, including its authority to use, other tools to serve as supplements to FDA inspections. These include using remote video and other remote and live interactions with establishment staff and records to evaluate drug manufacturing operations.

We recommended that FDA fully assess its alternative inspection tools and consider whether these tools or others could provide the information needed to supplement regular inspection activities or help meet its drug oversight objectives when inspections are not possible in the future. FDA concurred with the recommendation and stated that it would continue to evaluate these alternative tools and that the resulting information will help it determine how such tools can be used to streamline and supplement

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<sup>21</sup>GAO-21-265.

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### FDA Faced Persistent Challenges to Conducting Foreign Inspections Prior to the COVID-19 Pandemic

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regular inspection activities and to prioritize inspections when normal inspection operations are not possible. FDA stated that as it pursues continued process improvements, the agency will incorporate this recommendation in its ongoing assessment of these alternative inspection tools.

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Prior to COVID-19, FDA faced challenges to conducting its foreign inspections. Many of these challenges—including inspection staff vacancies, preannouncing inspections, and translation barriers—are longstanding issues and have been discussed in detail in our prior reports.

**Foreign inspection staff vacancies.** In December 2019, we found that FDA faced challenges filling staff vacancies in its foreign inspection workforce, and FDA officials said these vacancies contributed to the decline in inspections.<sup>22</sup> At that time, FDA officials told us that the agency was trying to fill its vacancies. However, officials have also told us that new investigators are not typically used for foreign inspections until they have been with the agency for 2 to 3 years. In June 2020, FDA testified that it intended to fill all investigator vacancies in 2020, but as of December 2020, investigator vacancies remained.<sup>23</sup> We plan to review this issue as part of our ongoing examination of FDA's foreign drug inspection program.

**Preannouncing inspections.** In December 2019, we found that, prior to COVID-19, there were differences in the amount of notice FDA generally gives to foreign and domestic establishments because of challenges inherent in conducting foreign inspections, and that this raises concerns regarding their equivalence to domestic inspections.<sup>24</sup> Prior to COVID-19, almost all domestic inspections were unannounced, whereas foreign inspections were generally preannounced, which may give establishments the opportunity to fix problems before the investigator arrives. FDA testified in June 2020 that the agency usually announces foreign surveillance inspections in advance, partly due to logistics such as planning travel, arranging access to facilities, and securing visas, and

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<sup>22</sup>GAO-20-262T.

<sup>23</sup>McMeekin, Abdoo, and Throckmorton, *COVID-19 and Beyond*.

<sup>24</sup>GAO-20-262T.

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partly to avoid problems given the high costs of conducting foreign inspections.<sup>25</sup>

In our June 2020 testimony, we reported that FDA does conduct some unannounced foreign inspections, particularly if the investigators conducting the inspection are based in FDA's foreign offices.<sup>26</sup> FDA officials told us that the agency does not have data on the frequency with which foreign drug inspections are unannounced, nor the extent to which the amount of notice provided to foreign establishments varies. According to FDA officials, this is because FDA does not have a data field in its database to systematically track this information.<sup>27</sup> However, the officials estimated that the agency generally gives 12 weeks of notice to establishments that investigators are coming when investigators are traveling from the United States. While investigators in FDA's China and India offices do conduct unannounced or short-notice inspections, these staff do not perform most of the inspections in these countries. (See table 2.)

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<sup>25</sup>McMeekin, Abdoo, and Throckmorton, *COVID-19 and Beyond*.

<sup>26</sup>GAO-20-626T.

<sup>27</sup>In June 2020, we reported that FDA planned to add a new variable to its data to identify preannounced and unannounced inspections, according to FDA officials.

**Table 2: FDA Estimates of the Amount of Notice It Provides to Foreign Drug Establishments Prior to Inspection, by Investigator Type, and the Percentage of Inspections in Which These Investigator Types Are Involved, Fiscal Year 2018**

Type of investigator	Amount of notice provided	Percentage of inspections involving this investigator type in fiscal year 2018*
China office investigator	Announcement: 0-5 days FDA officials stated that investigators based in FDA's China office will announce surveillance inspections (those related to drugs already on the U.S. market) to drug establishments 5 business days in advance of an inspection. According to FDA officials, for-cause inspections (those conducted in response to specific issues or concerns) conducted by investigators based in the China office are unannounced, meaning that they are not announced to the drug establishments in advance.	Involved in 27 percent of total number of inspections in China
India office investigator	Announcement: 0-5 days FDA officials stated that investigators based in FDA's India office will announce inspections to drug establishments 3 to 5 days in advance of an inspection and can conduct short-notice inspections that are announced 30 minutes before the inspection.	Involved in 10 percent of total number of inspections in India
U.S.-based investigator (including dedicated foreign drug cadre)	Announcement: generally 12 weeks FDA officials said that the agency generally announces foreign inspections conducted by domestically based investigators about 12 weeks in advance.	Involved in: <ul style="list-style-type: none"> <li>73 percent of total number of inspections in China</li> <li>90 percent of total number of inspections in India</li> <li>100 percent of total number of inspections in other foreign countries</li> </ul>

Source: Interviews with Food and Drug Administration (FDA) officials and GAO analysis of FDA data | GAO-21-409T

\*These percentages add up to over 100 percent as some inspections may involve more than one type of investigator.

In our January 2021 report we noted that of FDA's fiscal year 2021 appropriation, \$3.5 million is to be used for foreign unannounced drug inspection pilots.<sup>28</sup> In February 2021, officials told us that FDA is developing plans to implement a pilot. However, they said that in light of the pandemic, FDA was preannouncing all domestic and foreign

<sup>28</sup>According to the Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2021, \$3.5 million of FDA's fiscal year 2021 appropriation is to be used for foreign unannounced human drug inspection pilots. See Explanatory Statement, 166 Cong. Rec. H7891 (daily ed. Dec. 21, 2020) (statement of Rep. Lowey); Pub. L. No. 16-260, § 4, 134 Stat. 1182, 1185 (2020) (clarifying that the explanatory statement regarding this act shall have the same effect as a joint explanatory statement with respect to the allocation of funds and implementation of certain divisions).



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inspections for the foreseeable future to help assure the safety of inspection staff and establishment employees.

**Language barriers.** In December 2019 we found that language barriers continue to be a challenge to conducting foreign inspections.<sup>29</sup> Foreign investigators generally rely on the drug establishment to provide translation services, when needed. These services might be provided by an English-speaking employee of the establishment being inspected, or an external translator hired by the establishment. Investigators said that there can be uncertainties regarding the accuracy of the information being translated, particularly when investigators rely on the translation provided by an employee of the establishment being inspected. It can also take longer to complete typical inspection-related activities if the investigator needs to rely on translation services. In January 2021 we found that FDA also relies on drug establishments to translate the records and other information that FDA has the authority to request in advance of or in lieu of an inspection, an authority FDA has increased its use of during the COVID-19 pandemic.<sup>30</sup> According to FDA policy, if translated, the manufacturer should provide verification that the translation of the records is complete and accurate, and copies of the original records should also be included. Nevertheless, language barriers continue to present risks for FDA—an area we plan to review as part of our ongoing examination of FDA's foreign drug inspection program.

We also reported in our December 2019 testimony that the overseas travel schedule can present challenges for FDA's domestically based investigators, who conduct the majority of foreign inspections. For example, there is little flexibility for domestically based investigators to extend a foreign inspection because their inspections are scheduled back-to-back in 3-week trips—extending one inspection would limit the time on other scheduled inspections. Domestically based investigators also faced challenges meeting post-inspection reporting requirements, especially if serious deficiencies are identified during the inspection.<sup>31</sup>

In conclusion, foreign manufacturing establishments continue to be a critical source of drugs for millions of Americans, and FDA inspections are a key tool to ensure the quality of these drugs. Over the years since we

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<sup>29</sup>GAO-20-262T. We previously reported language barriers as a challenge to conducting foreign inspections in our 2008 report (GAO-08-970).

<sup>30</sup>GAO-21-265.

<sup>31</sup>GAO-20-262T.

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first examined this issue, FDA has made significant changes to adapt to the globalization of the pharmaceutical supply chain and has greatly increased the number of inspections it conducts of foreign establishments. However, we found in December 2019 that the agency faced many of the same challenges overseeing foreign establishments that we identified over the last two decades. Subsequently, the outbreak of COVID-19 has added a layer of complexity. Therefore, it will be important for FDA to utilize lessons that it has learned during the COVID-19 pandemic to improve its foreign drug inspection program, including efforts to identify alternative mechanisms to satisfy foreign inspection requirements and plans to address its growing backlog of inspections.

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Chairman Bishop, Ranking Member Fortenberry, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

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**GAO Contact and  
Staff  
Acknowledgments**

If you or your staff have any questions about this testimony, please contact Mary Denigan-Macauley, Director, Health Care at (202) 512-7114 or DeniganMacauleyM@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are William Hadley (Assistant Director); Katherine L. Amoroso (Analyst-in-Charge); George Bogart; Zhi Boon; Kaitlin Farquharson; Cathleen Hamann; Derry Henrick; John Lalomio; Laurie Pachter; Vikki Porter; and Dan Ries.

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Mr. BISHOP [inaudible]. After that, I will recognize members who were not present at the time the hearing was called to order. Each member will have 5 minutes in each round, so please be mindful of your time. At this time, I will yield to myself for the first round of questions—I will tell you what, I will defer my questions to the chair of the full committee, Ms. DeLauro, and I will follow Mr. Fortenberry, who will follow Ms. DeLauro.

The CHAIR. Thank you very, very much, Mr. Chairman. And thank you for your testimony. My understanding, and I think it is something that the chairman asked about, that the FDA's process for conducting surveillance inspections rely on risk-based models. I will just say that I have long been a skeptic of risk-based models for oversight and inspection, dating back to my time as chair of this subcommittee, when I opposed the plans to implement that practice at the Department of Agriculture.

The central problem to risk-based inspection models is that the overall model is only as good as the data used to create that model. And I would note that Congress and the American public have limited information on FDA's risk-based inspection model for foreign drug facilities.

A lack of transparency is very concerning to me. We don't know the proportion of inspections that take place relative to the overall number of registered foreign facilities. This makes it difficult to evaluate FDA's overall work in inspecting foreign drug facilities.

Dr. Denigan-Macauley, what steps would you have the FDA take in order to increase transparency, not only of how they determine the basis to conduct risk-based inspection, but also, to shed more light on foreign inspections overall?

Ms. DENIGAN-MACAULEY. Thank you for the question. And you are absolutely right. The inputs that go into any model, whether it is a risk-based or one for surveillance on COVID-19, those inputs are absolutely vital, and the model is only as good as those inputs. And so, as I had mentioned, FDA does not have a good understanding of the denominator. They need to know how many plants need to be inspected.

So without knowing what those manufacturing establishments are, that is absolutely critical. And in fairness to FDA, it is a challenge, because a lot of the manufacturing establishments want to register, even if they don't ship to the United States, because it looks an appearance of being approved by FDA. So they do have some challenges ahead of them related to that.

But you are right. There is no reason that they cannot—they can't share about how they go ahead and select those models.

The CHAIR. What can we do, though, as to really an examination of this risk-based model, what can we do as a subcommittee, as a Congress, to really deal with turning this around so that we can get an accurate picture? What is necessary?

Ms. DENIGAN-MACAULEY. Well, as I mentioned, they need to make sure that they can get the bottom line. We need to know how many are subject to inspection. Then, they need to actually be able to go out and get those inspections done and fill those vacancies so those inspections can be completed. Also, we have, right now with this backlog, FDA has put the onus on itself to deem what is mandatory to do, and that mandatory means that they will go to those

plants that have never been inspected or those plants that haven't been inspected in the last 5 years.

And given the backlog, they may want to go back and reassess that, and that is part of our recommendation is how you are going to clear the backlog so that you can hit the riskiest plants.

The CHAIR. Thank you. You said that they made some progress, but as I read the report, it would appear that nine times out of 10, and maybe that is, you know, a slight exaggeration, but they don't adhere to the recommendations. So, given that it appears it falls on deaf ears, so what should we, again, as the Congress, do to rectify this situation, ensure that oversight and safety of products—the safety of those products the public depends on? What kind of regulations? What kind of oversight? What should we be doing as the Congress and this subcommittee, to address that issue of not following the recommendations?

Ms. DENIGAN-MACAULEY. I think that sustained attention, like holding the hearing that you are doing, asking GAO to continue to do the work to see the progress that they have made, seeing what steps they are taking to get off the high risk to address the problems that we found, are all very critical. And, importantly, as you mentioned, doing unannounced inspections overseas.

The CHAIR. High risk, do we need to challenge the FDA on this continuous, being on a high-risk list since 2009? What does that say is our responsibility to—go after the FDA? How can you be on a high-risk list since 2009 on drugs and drug inspections that are there to save the lives of the American people?

Ms. DENIGAN-MACAULEY. FDA could be more transparent on the amount of appropriations that they need for the inspections, if necessary.

The CHAIR. Well, my time has run out, so I will yield back, but it seems like we have serious, serious issues with the oversight and bringing the FDA to task on these issues.

Thank you. Thank you, Mr. Chairman. Thank you to the ranking member.

Mr. BISHOP. Thank you, Madam Chairman.

At this time let me recognize Mr. Fortenberry for his questions in the first round.

Mr. FORTENBERRY. Thank you, again, Mr. Chairman, for calling this very important hearing, and I appreciated the comments of our Chair DeLauro as well.

Dr. Denigan-Macauley, thank you for your appearance today. Let's start out with the simple question that I offered in my opening statements. Are our drugs safe?

Ms. DENIGAN-MACAULEY. So the FDA is well-regarded around the world, so I think Americans can take comfort in the fact that we do have one of the best systems in the world.

Mr. FORTENBERRY. Would you give FDA's performance a grade?

Ms. DENIGAN-MACAULEY. It is challenging because our work is ongoing because it has improved, it is certainly not the failing grade that we would have given it two decades ago.

Mr. FORTENBERRY. Let me lean into that a little heavier. What grade do they get: A, B, C, D, or F? Obviously not F, what grade would you give them?

Ms. DENIGAN-MACAULEY. The fact that inspections are going down and they have continued oversight problems overseas, I think, at best, we could say they are at a C, where they are maintaining their ability to have information overseas, but significant challenges remain.

Mr. FORTENBERRY. Okay. So fair enough. I know you are probably low to categorize things that simply, but I think this kind of construct helps us understand where we are in order to get us to where we ought to be.

Our Chair DeLauro leaned into this a little heavily, but I want to go back to it. What are the three things that the FDA needs to do to get an A grade? And let me follow up, or you may want to integrate into your answer, what you referred to earlier as alternative tools to augment inspections?

Ms. DENIGAN-MACAULEY. So, most importantly, they have got to figure out how to fill their vacancies. Even if you poured more money at them, I don't think that would solve the problem because they are having a challenge getting investigators to even do the work, number one. Also, as we have recommended, they need to look at these alternative tools and determine how they can either augment inspections or replace inspections, and if they need additional authorities, they need to let you know.

Mr. FORTENBERRY. What are those additional tools? Define that, please?

Ms. DENIGAN-MACAULEY. So, for example, they can do testing at the border. They have also done document requests. They have relied on mutual recognition agreements, but they don't know the extent to all of these tools their ability to actually substitute for an inspection and if additional authorities are needed to—

Mr. FORTENBERRY. Are we doing testing at the border—

Ms. DENIGAN-MACAULEY. We are.

Mr. FORTENBERRY [continuing]. Currently?

Ms. DENIGAN-MACAULEY. We are.

Mr. FORTENBERRY. And now, as I had mentioned in our statement, Chairman Bishop initiated, and I was fully supportive of stopping drugs at the border, should we be concerned about the lack of inspections overseas. I want to simply highlight that.

Ms. DENIGAN-MACAULEY. So they are doing inspections at the border. Typically, though, because of the huge volume that is coming in, it is not very many. They simply don't have the capacity to test everything, and that really only tells you the quality of the drugs, but it gives you some information.

Mr. FORTENBERRY. Has the FDA ever considered giving a grade to companies?

Ms. DENIGAN-MACAULEY. It is interesting you raise that because, of course, on the slaughterhouse's side, they have discussed being able to do that and posting the bad actors. And I don't know the extent to which FDA has considered giving a grade to the bad actors on the drug side.

Mr. FORTENBERRY. Would you recommend that?

Ms. DENIGAN-MACAULEY. Well, it certainly helps enforce compliance. We haven't done work, but we see that in the restaurant business. I mean it is right there when you walk in a restaurant, you can see. It is in daycares, whether they pass or fail.

Mr. FORTENBERRY. What do you think about country-of-origin labeling?

Ms. DENIGAN-MACAULEY. So I have not done any recent work on country-of-origin labeling, so I really can't comment on that.

Mr. FORTENBERRY. Okay. So let's go back to the previous question. If companies were given a grade, obviously, the public would have to have some access to that. How could you see that unfolding?

Ms. DENIGAN-MACAULEY. I am sorry. Could you repeat the question, again?

Mr. FORTENBERRY. Yeah. Again, the point of what you were saying, we post inspection notices at daycare and restaurants, the same thing applying to companies who—the point of the question is, obviously, to force companies to be much more vigilant in their—basically, they are attracting, or invitation, openness to the FDA inspections so that it is consistent with their assurance that they need to give the public and, therefore, their market that they are safe and efficacious. So how could those grades basically be posted?

Ms. DENIGAN-MACAULEY. Well, I mean, it is certainly a very valuable tool for the consumer. So, imagine if the consumer could look and see where all of their ingredients on their drug have come from. The problem is, even if you know where that finished drug came from, we don't have enough information knowing where all the different individual ingredients are coming from.

So country-of-origin labeling for a drug would be extremely challenging to do, but, of course, if you have the ability and you have the political ability to do it, it would give the consumer better information.

Mr. FORTENBERRY. Thank you, ma'am. Thank you, Mr. Chairman.

I yield back.

Mr. BISHOP. Thank you very much. I yield to myself for 5 minutes.

Dr. Denigan, let me ask you: Obviously, the FDA is vastly understaffed and under-resourced when it comes to foreign inspections versus domestic inspections. And while FDA publishes annual data on drug and device inspections, the report is limited, doesn't contain detail breakdowns assuring the number of inspections by centers, or by domestic versus foreign.

Do you have any data on the number of foreign drug inspectors compared to domestic drug inspectors and the relative budgets of the two activities? And your previous GAO reports have noted the challenges that FDA has continued to have filling vacancies, and hiring additional staff to conduct that foreign inspection. The FDA released a strategic workforce development plan in 2016 to help recruit and train foreign office staff, but high vacancies haven't improved very much since 2016.

Additionally, in June 2020, FDA testified that it intended to fill all investigative vacancies in 2020, but as of December 2020, investigative vacancies remained. I recognize that foreign inspections present unique bureaucratic and procedural challenges, but it seems that hiring, training, and developing new investigators may not really be a priority at FDA.



Do you believe that FDA is accurately assessing and prioritizing its foreign inspection needs?

Ms. DENIGAN-MACAULEY. So that is the basis of our ongoing work. We agree it is absolutely critical that they pay attention and have sustained attention and make it a priority. We will say that on our high-risk list, leadership commitment has been a priority. They have reorganized to better address the threat in how they can do the inspections overseas better. They have also developed strategic plans in the workforce planning, but something isn't quite working and that is what we are still trying to figure out, because there are still vacancies year after year. And they are not a foreign-service department. We want to find out what they are doing to help overcome these very challenging things that they are doing.

Mr. BISHOP. Thank you. In your testimony, you discuss some troubling reports, and we have seen news reports that FDA investigators have expressed concerns that FDA has downgraded some of the inspection reports from the most serious assessments being official action indicated to the less serious classification of voluntary action indicated.

Is there any hard data on this, or any way to identify the instances where this has occurred, and how widespread is this feeling among investigators? I know we have heard from some whistleblowers, but do you have any hard data on this?

Ms. DENIGAN-MACAULEY. Yeah. So that is also part of our ongoing work. We definitely heard some of the concerns related to downgrades when we were in China and in India, and from other investigators. So we continue to look in this. We did report in 1998 that we found the FDA management frequently downgraded, and FDA themselves testified in June of last year that they have better aligned CETA and ORA reviews, the FDA process for reviewing the downgrades to help better align.

So before they had a—I think that they are now, they said, at 73 percent agreement on the classification versus before it was only 50 percent agreement. So they are working on it and we are continuing to see how much of a problem it continues to be.

Mr. BISHOP. Okay. We provided, in the last bill, \$3.5 million, to increase short notice, unannounced inspections in China and India. What specific activities do you recommend that FDA focus on when implementing these funding, and will it require hiring more staff?

Ms. DENIGAN-MACAULEY. Yeah. So first of all, they have to fill the vacancies that they have, as we have mentioned, and it could require hiring more staff. Right now, all inspections, because of the pandemic, whether domestic or overseas, are doing full announcements, meaning that they give them the advanced notice.

So, number one, we need to resume doing unannounced inspections here in the United States. We need to, if we are going to do it overseas, determine how that is going to be implemented, and FDA says that they need metrics as well to be able to do that. But, importantly, they also need to provide translators. Even if you have an unannounced inspection, and you are relying on that establishment for the translations, that is not acceptable.

Mr. BISHOP. Thank you very much. My time has now expired.

I am pleased to recognize Mr. Valadao for any questions that he might have at this time.

Mr. VALADAO. Thank you, Chair. Thank you for testifying today in front of the committee. Glad you were able to [inaudible]. The reason for this testimony, I thought it was concerning the FDA would supply foreign manufacturers with those heads-up before inspections. Notifications to manufacturers seem to defeat the purpose of the exercise which is to inspect the facility as is. To take a snapshot from the facility in a moment in time. The report finding [inaudible] For the safety of its staff and the manufacturer. One of the purposes of the preannouncement would be [inaudible] How the advance notification is related to the pandemic and how this action will help [inaudible] Proper inspections.

Ms. DENIGAN-MACAULEY. So—apologies. I had a little trouble hearing you. If you could repeat the question, again, just the question. I got the gist of what you were talking about.

Mr. VALADAO [audio malfunction]. I assume there's got to be a better reason for this [inaudible] Twelve weeks preannouncement of an inspection?

Mr. BISHOP. Mr. Valadao, we are having great difficulty with your audio. I will ask the staff to consult with you and your staff from the technology, and we will reserve your time and come back to you when we can repair your audio. It is very difficult for all of us to hear, and we would love to hear your questions, because I know that they are very insightful.

Mr. Pocan.

Mr. POCAN. Thank you, Mr. Chairman. Appreciate it. And thanks for this hearing, and thank you very much, Dr. Denigan-Macauley, for being here. Let me try to follow up on something our chairman had asked. He started talking about domestic versus foreign inspections, and do you have a better idea of numbers on that?

Because, I was just looking at a stat, if I have got this right, 58 percent of the inspections were foreign facilities, but it sounds like there is a greater percent of facilities overseas than in the U.S. So does that mean that we are actually inspecting our domestic companies more than the foreign companies, which I think most people would want to make sure that they are also being inspected more aggressively?

Ms. DENIGAN-MACAULEY. Apologies. Trouble with the unmute button. So I don't have the data in front of me to know exactly how many of the manufacturing establishments are here versus overseas. We have about 4,200 total that we think, and, if I recall correctly—yeah. I don't want to go there. I don't know. But I will get that for you.

But, importantly, before we were really only conducting the inspections here in the United States, and that is because the law required that they go to the U.S. manufacturers every 2 years, and with the limited resources, it basically meant there were none left over to be able to go overseas.

And so now, at least they are changing the way that they do their inspections and the model says, regardless of your foreign, or regardless of your domestic, if you have never been inspected or you haven't been inspected in the last 5 years, you are our top priority because we don't know what risks. You could be a no-risk. We just don't know. And then from there, they take that same pool, domestic or foreign, and they say, okay, now with whatever resources

are left over, we will go ahead and inspect those. So the proportion of how they are doing it is much better today.

Mr. POCAN. Got you. I really like Mr. Fortenberry's suggestion of the grading, quite honestly, because, I think, people would like to know that. I also am pretty amenable to a country of origin as well. I think that would help people, because, I think, often people are concerned, especially because of the last year, it has really been a spotlight on this. The New York Times article today, I think, was pretty damning, based on your report, and we appreciate the work that you have done on that.

I don't understand the 12 weeks of advanced notice either. That doesn't seem to make a lot of sense. It sounds like you said they are going to be bringing back surprise inspections, but, you know, the 12 weeks seems to give people an enormous amount of time to fix errors rather than really get the input that we need.

Ms. DENIGAN-MACAULEY. When we asked FDA about why they had to give the 12 weeks, and they said that logistically it is so challenging to travel overseas and we certainly understand those logistics, if any of you have tried to go to remote areas of India, it is very challenging, but we also would contend that you can use the State Department to help set that up so that you don't flag it for the actual company.

Mr. POCAN. Especially since there is certain countries where a lot of this is done, you would think you would almost have an easy footprint already in place in order to inspect, so you would already have that system set up, especially as many years as the FDA should have been able to do this.

In the article, one of the things that really stood out was, they said, that because of this backlog inspections, there could be surges of medicines. I know they explicitly talked about a drug, and I apologize I am not looking at the screen. I am trying to find it, a cancer treatment drug, what did you find along those lines?

Ms. DENIGAN-MACAULEY. So for our overseas inspections, we haven't looked specifically at what shortages they may have caused, but that is a concern. If they can't preapprove some of the drugs—for example, I think that is what The New York Times article was talking about or manufacturers have critical drugs such as the cancer-related chemotherapy drugs, then they are not going to be able to bring them to market in a timely matter. So shortages are a concern that we will continue to keep our eyes on.

Mr. POCAN. Thank you. Well, I think, Mr. Chairman, coming out of this, it is interesting, it seems to be some good bipartisan suggestions on what we can do to improve this. It sounds like for years they haven't been maybe having the best practices that have been kind of unexplainable, and I think, you know, perhaps if there is some efforts we can do in this year's appropriation process, I would be encouraged to work with others on both sides of the aisle. Again, I think the grading idea is one that, I think, is especially strong. So I yield back.

Mr. BISHOP. Thank you, Mr. Pocan.

At this time, I would like to return to Mr. Valadao, if we can, to let him resume, if we have his technical issues resolved. Mr. Valadao, you are recognized—

Mr. VALADAO. Is it better now?

Mr. BISHOP [continuing]. For 4 minutes.

Mr. VALADAO. Can you hear me better now, or no?

Mr. BISHOP. Yes, we can.

Mr. VALADAO. Perfect. So the question was basically on the 12-week preannouncement for inspections. Obviously, these facilities are manufacturing drugs that we desperately need, and the fact that we are giving a lot of these manufacturers a 12-week preannouncement, I think allows them the opportunity to maybe hide some things that we probably should know about their manufacturing process.

Ms. DENIGAN-MACAULEY. Yeah. And what I would add to that is that FDA would say that they want to make sure that the establishment is going to be open, and that people are going to be there and that the documents are ready. But, again, that is not what we do here in the United States and so we would want that equivalency.

Mr. VALADAO. All right. And then in FDA's fiscal year 2021 appropriation amount of \$3.5 million was intended to be used for foreign, unannounced drug inspection pilots. As you reference in your testimony just last month, FDA officials informed you that they would be pronouncing all domestic and foreign inspections. Can you confirm whether or not FDA is using funds meant for unannounced inspections instead of preannounced inspections?

Those sound like two very different things to me, and I am concerned about how they are using or potentially misusing these funds.

Ms. DENIGAN-MACAULEY. So that is part of our ongoing work. So I don't have a direct answer, other than to say that right now, they are not doing any—everything is preannounced because of the concern for the safety and they have not decided yet when they are going to go back. So I would anticipate that none of the funds are being used at this time.

Mr. VALADAO. All right. I am going to yield back the rest of my time right now, Mr. Chairman.

I am yielding back, Mr. Chairman.

Mr. BISHOP. Thank you. The staff advised me who is next in the queue. I believe it is on the Democrat side. Okay. Mr. Newhouse.

Mr. NEWHOUSE. Thank you, Mr. Chairman. Can you hear me okay? I appreciate that, and I am juggling another meeting, so I apologize for being distracted.

Thank you, Director Denigan-Macauley. Appreciate your testimony today in joining us about this very important subject. Just—could you help those of us and people that may be listening understand how critical this issue is? For instance, not that I did, but say I had taken an ibuprofen this morning just to help with some of those aches and pains in the morning. Tell me where those pills likely came from, and have they been inspected? Do I have confidence that they are what they should be?

Ms. DENIGAN-MACAULEY. So I think—I am a consumer as well, and when I go and take a pill, I don't look to see where it is manufactured; I just assume it is going to be safe. Whether it is a generic or a brand name drug, I make the assumption that it is going to be safe. And so the FDA has very, very important responsibility to ensure the safety of those. I think that drugs, like food, most

people would be surprised to know that very few can actually be inspected just because of the huge volume and in the increase of the globalization.

So FDA really has taken on a risk-based approach to ensure that they are safe and thankfully, since Heparin, we haven't had a major where a plant hasn't been inspected, and then a drug got to the United States and killed people.

Mr. NEWHOUSE. Many of those over-the-counter medications do come from out of the country, right?

Ms. DENIGAN-MACAULEY. Yes.

Mr. NEWHOUSE. Okay. Good. So you talked about the process, and in your position from the GAO, making sure things are happening. One of the challenges, or several challenges, including travel, language, vacancies, are you seeing problems with recruitment for new inspectors?

Ms. DENIGAN-MACAULEY. Yes. So the FDA has been challenged, and has had vacancies really since the beginning they have done with the foreign offices, but what is important is that the pool of investigators come from the domestic base, and they have to have experience before they can then go overseas. And so even if they were to fill all of the vacancies today, it is going to be a couple of years before they are even ready to begin to consider doing the overseas inspections.

Mr. NEWHOUSE. So that leads me to another question then, is there any way to speed up that timeline, shorten that 2- to 3-year, I guess, it is a training period, or whatever it is that they are doing? Are there recommendations that you can bring to FDA to not compromise or lessen the quality of the inspections, but to help speed up that process?

Ms. DENIGAN-MACAULEY. Yeah. So that is part of what our ongoing review is about. So, for example, just hypothetically, I mean, could you take someone who is newer but could speak Mandarin, for example, to go over to China and have virtual inspections—have someone else participate virtually from home so that that individual is, number one, not alone, and then has the microbiologist, or whatever the expertise is that they need there. So those are the kinds of things that we are looking at to see how creatively are they thinking.

Mr. NEWHOUSE. Okay. Okay. Well, again, I appreciate very much your input here and it is an important topic. And we will continue to pay attention and listen to the results that you come up with. And, Mr. Chairman, thank you very much for holding this hearing.

And I will yield back the balance of my time.

Mr. BISHOP. Thank you, Mr. Newhouse.

At this time, I am delighted to recognize the gentlelady from Illinois, Ms. Underwood.

Ms. Underwood, you are recognized for your questions.

Ms. UNDERWOOD. Well, thank you, Mr. Chairman. And thank you to Dr. Denigan-Macauley for being here. As of May 2020, nearly three quarters of facilities producing active pharmaceutical ingredients for the U.S. market were located outside of the United States. That means that every day, American lives depend on the ability of the FDA to carry out rigorous foreign drug inspections. Like so many Federal agencies, the FDA has been forced to alter

its standard operating procedures over the course of the past year. For the foreign drug inspection program, this means almost all facility inspections have been suspended.

In place of inspections of foreign manufacturers, FDA is using its other tools to inspect the safety of the U.S. drug supplies. Specifically, in a June 2020 testimony, FDA officials described tools such as denying entry of unsafe products into the U.S., physical examinations, or product sampling at our borders, reviewing a firm's previous compliance history using information sharing from foreign governments with whom FDA has existing agreements and requesting records in advance, or in lieu of on-site drug inspections.

Dr. Denigan-Macauley, in your June 2020 testimony before the Senate Finance Committee, you stated that, quote, "The lack of foreign inspections removes a critical source of information about the quality of drugs manufactured for U.S. market," end quote. Can you describe the elements of foreign inspections that are critical to ensuring the safety of our Nation's drug supply, but cannot be fulfilled through alternative tools, like the ones FDA officials describe in their testimony?

Ms. DENIGAN-MACAULEY. Yes. So part of the work that we have done, we have not only read all of the laws and regulations, but we have actually gone over and shadowed and talked to the FDA investigators to see what exactly it is they do.

And it is a daunting job, and it is not something that can just be deemed from a document review. They walk in, for example, and you look at just the overall manufacturing plant. Do the employees wash their hands, for example, when they use the lavatory? Do they actually don the proper PPE? Are there—I remember looking specifically, if you see a mouse bait or a rattrap inside a manufacturing establishment, you are going to be worried. Why is that? Why is it if you can see, for example, bird poop and anything like that. Whether it is a food establishment, a drug establishment, they are supposed to be manufacturing, particularly for drugs, under good manufacturing quality.

So they are there to check all of those things and not just look at the data, the temperature of the documents.

Ms. UNDERWOOD. Yes, showing up and being there is important.

The COVID-19 pandemic has unquestionably created new and anticipated challenges for the FDA's Foreign Drug Inspections Program, but many of the most serious challenges that Dr. Denigan-Macauley identified in her testimony predated the pandemic. For example, as of December 2019, the Food and Drug Administration had 190 investigators in the U.S. who conduct the majority of foreign inspections, but an additional 58 positions were vacant.

Dr. Denigan-Macauley testified that the FDA was in the process of filling 26 of those vacancies but also noted that it could take, quote, "2 to 3 years before new staff are experienced enough to conduct foreign inspections," end quote.

Of course, with postponed foreign and domestic surveillance facility inspections over the past year, new staff might have missed opportunities to gain necessary experience.

Dr. Denigan-Macauley, can you provide an update on staffing shortages within the FDA's Foreign Drug Inspections program, in-

cluding a description of how the COVID-19 pandemic might have exacerbated existing workforce challenges?

Ms. DENIGAN-MACAULEY. Yeah. And again, that is something that we continue to work on. We do have serious concerns that the pandemic will exacerbate any kind of fulfilling of those vacancies, particularly for those working in the foreign offices because a lot of individuals are now fearful of traveling and being stationed in India and China.

So that is something that we are looking at. We do know that the vacancies continue, and we will certainly be reporting out on where they stand on that.

Ms. UNDERWOOD. Well, I certainly look forward to continuing the critical work of our subcommittee to ensure that the Foreign Drug Inspections Program is delivering the results that the American people depend on.

Thank you, Mr. Chairman. Thank you to our witness.

And I yield back.

Mr. BISHOP. Thank you, Ms. Underwood.

At this time I am delighted to yield to the former chair of this subcommittee, the gentleman from Alabama, Mr. Robert Aderholt.

Mr. Aderholt.

Mr. ADERHOLT. Yes. Thank you, Mr. Chairman. It is good to be with the committee today virtually.

And I just wanted to follow up on some—we had talked a little bit about the postponed inspections and the impact, and I want to focus a little bit more on the impact. In your testimony, as it has been mentioned, you state that FDA was unable to complete more than a thousand of its planned fiscal year 2020 inspections, a 60 percent increase in foreign inspections and will likely face a backlog for inspections in future years.

My question is, could you generally tell us, regarding these postponed inspections, what that means for the real world, for companies with potential products when FDA isn't able to inspect their facilities?

Ms. DENIGAN-MACAULEY. Yeah. So it could have an impact on the pre-approvals for new drugs. Antimicrobial resistance is a concern. Being able to ensure that we have new drugs entering the market is absolutely critical. We have new drugs that are entering the market also for COVID and longer term down the road, so that would be important, as well as it has an impact on ensuring that the drugs already out there are safe, and we want to ensure they continue to be safe. So getting rid of the backlog is very critical.

Mr. ADERHOLT. And could you talk a little bit more about what your understanding of FDA's plan is to address the backlog?

Ms. DENIGAN-MACAULEY. So they haven't given us—they agreed with our recommendation that they need to assess—in July they are going to assess how they are going to do the next round, next year's inspections. And so they agree that they would take a look at it, understand if any the alternative tools can be further expanded to help address that backlog, and also if they can increase their hiring, then that will also help to reduce the backlog as well. But as it stands right now, we remain very concerned that they are not going to have additional resources to be able to reduce that backlog. So perhaps they have to come up with a different way of

looking at what they consider the most important ones to get done first to ensure the safety of our supply.

Mr. ADERHOLT. And your testimony states that as of November 2020, FDA officials told us that the agency had not experienced any significant affect on approval decisions due to the COVID-19 inspection polls. Did GAO speak with industry representatives about the impact of FDA's inspection polls on these approval decisions?

Ms. DENIGAN-MACAULEY. So we did. We spoke with associations representing these manufacturers, and they said that while it is true that the impact may not be felt immediately because the inspections for pre-approvals are done several months prior, as the pandemic goes on, it is going to have more and more of an impact as we go forward.

Mr. ADERHOLT. Did the industry representatives that GAO spoke with have the same view as the FDA did?

Ms. DENIGAN-MACAULEY. They had the same view that GAO did, that there will be an impact as the pandemic goes along, if I am understanding correctly.

Mr. ADERHOLT. Okay. And then the committee approved a \$5 million increase in fiscal year 2016 and then another \$2.5 million in fiscal year 2017 for high-risk inspections. Part of this increase went toward a process to discover the real inventory of companies manufacturing drugs and other products overseas, in particular in China and India. Firms are supposed to register with the FDA, but many are not, were not, and were not registering at all.

Can you tell us about the FDA's current inventory of these companies and the basis of their surveillance and their inspection program? And has that improved at all?

Ms. DENIGAN-MACAULEY. Yes. So, fortunately, we have seen an improvement in what they call their baseline catalog of understanding which establishments, you know, should be registered and need to be inspected. They have used through a contracting process, they have been able to identify which companies are real. I mean, literally you need someone to either go knock on the door, so some of the foreign drug inspectors over in the foreign offices, for example, in China, they have been helping to validate whether or not a company is real or they can do it through a contracting company that has other technical, electronic ways of verifying the whereabouts. So it has gotten better.

Mr. ADERHOLT. In your opinion, does additional funding need to be—should there be additional funding and, you know, just what are your thoughts, input on that would be?

Ms. DENIGAN-MACAULEY. I don't have further information at this time. It is something that we continue to look at on the catalog denominator and knowing if they have a sufficient—

Mr. ADERHOLT. All right. I think my time is up, so thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Aderholt.

At this time I am happy to recognize the co-chair of the Steering and Policy Committee and the chair of the Foreign Ops Subcommittee of our Appropriation Committee, the gentlelady from California, Ms. Barbara Lee.



Ms. LEE. Thank you very much, Mr. Chairman. Thank you for this hearing, very important hearing to get this information out to the public; so many layers to unpeel with this.

Dr. Denigan-Macauley, thank you so much for your testimony and for being here. I want to ask you about the impact of the backlogs on people living with HIV. You know, although the United States is expected to see an increase in the number of generic antiretroviral drugs, they continue to come off patent, and there are barriers right now in terms of access and their availability on the market. Only a small percentage of people living with are vulnerable to HIV are dependent on generic ARV drug products manufactured internationally. And so now with the growing robust generic competition, the percentage of generic ARV drug products manufactured internationally, that is really expected to grow in the coming months, but potentially not if the inspection bottlenecks delay the entry of these generic drugs.

Biomedical interventions, including generic ARVs, are providing consumers with more options and really spurring competition in this overall process which may ultimately lead, may ultimately lead to the reducing of new HIV diagnoses in the U.S.

So I just wanted to ask you about the potential impact of the inspection backlog on emerging generic drug markets for diseases that have historically required the use of high-branded prescription drugs, including specifically the HIV treatment and prevention drugs.

Ms. DENIGAN-MACAULEY. Yes. While I don't have information specific to HIV, what I can tell you is that the backlog would include for pre-approvals, for any kind of a new drug, whether it is a brand name drug or a generic, so the concern is very real. However, the one good news about pre-approvals is that for some circumstances, for example, FDA could determine that without an inspection that they would be able to approve that drug if, for example, there is a need, if they have had a good inspection history, another regulator has recently been there that FDA has a mutual recognition agreement with. So there are some cases, but for the vast majority, they would be in the same boat and would be part of the backlog.

Ms. LEE. Let me just ask you on virtual inspections. This is very intriguing to me. How do we make sure that the virtual inspections are quality? And what processes are you establishing so that these virtual inspections don't really compromise the safety and efficacy of the drugs?

Ms. DENIGAN-MACAULEY. Yes. Well, it is a good question because I think the first thing the FDA needs to do is to find what a virtual inspection is. At the moment there is not even an agreement. A virtual inspection right now could be defined as, well, I am reviewing records. And another company may say, well—another regulator may say a virtual inspection is actually using a camera and going in.

So I would hope, and as our work continues, looking as FDA does their assessment on the other tools, you know, what are other regulators doing. They are not the only regulators in the world, and they can even think outside the box and not just look at drugs. You know, you have regulators regulating a lot of different things and

how are they continuing to do their work in light of the pandemic with virtual inspections.

Ms. LEE. Thank you very much.

Thank you so much more this hearing, Mr. Chairman. It is so important.

Thank you, Dr. Denigan-Macauley, for your responses.

Mr. BISHOP. Thank you, Ms. Lee.

At this time I am happy to recognize Dr. Andy Harris of Maryland.

Mr. HARRIS. Thank you very much, and thank you for an important topic.

Let me talk a little bit about China because China is one of the largest manufacturers of pharmaceuticals. And is it my impression, do you know, are most of the large pharmaceutical companies in China State-owned enterprises?

Ms. DENIGAN-MACAULEY. I don't know that.

Mr. HARRIS. Okay. Well, I know Sinopharm is and I know a couple of others are, and that gives me a great deal of concern because, obviously, at least a couple of times in the past, there have been issues about the Chinese government issuing travel visas to our inspectors who want to go to China. And, obviously, a State-owned enterprise where the State controls travel visas, you know, makes this an obvious conflict of interest.

Could you comment, what is the state right now? Because I have talked to an FDA inspector who is very concerned about our access in general to Chinese facilities. And, of course, it would start with the visa process. Is that an issue now about Chinese travel visas?

Ms. DENIGAN-MACAULEY. Yes. So we did look at this extensively when we were in China a few years ago on the food side. There was a lot of concern. First of all, all of the investigators used to have various offices throughout China, and not only were they unable to get the visas, but then they made all of the investigators move up to Beijing so they are centrally located.

So there have been some concerns in China. I know that actually the President had to step in and help with that visa issue over in China. I believe that the situation has been resolved, but I have not taken a deeper dive to know where we stand on that today. But visas, I mean, it certainly is a way of controlling who is in and who is out.

Mr. HARRIS. Now, beyond visas, my understanding is that we give more advance notice for foreign inspections than we do domestic inspections in general, and I understand sometimes it is getting people to the country, but that creates—to me that creates kind of a double standard. And as we try to move pharmaceutical production back into the United States, you know, that would seem to make it much easier to do production overseas. What is your impression? I mean, first of all, is that true in general, that the foreign inspections are announced further in advance? And if that is, how do we level the playing field as we go to bring some of that manufacturing back to the United States?

Ms. DENIGAN-MACAULEY. So absent pre-pandemic and now all of the inspections are preannounced, both at U.S. and overseas, for the safety. But pre-pandemic and hopefully going forward, the idea

is to go back to more of a normal state and not preannounce in the United States.

We have had long-standing concerns about the preannouncement. Giving 3 months' notice is just not acceptable, and it does exactly what you are saying. It makes them non-equivalent. So why would you want to move your manufacturing to the United States where it is more expensive, you have more environmental regulations, you have more scrutiny, more oversight here in the U.S. than you do overseas.

Mr. HARRIS. So what is the potential solution to that? I mean, I don't know how we get around that. Or do we just admit that, well, you know, this is not going to be a level playing field and maybe the safety of drugs being imported from a country like China are just not going to be as safe?

Ms. DENIGAN-MACAULEY. Well, we can't control what the worker is paid overseas. That is for one. But what we can do is FDA is looking at what they call advance manufacturing, to be smarter about the way we manufacture, to have a shorter manufacturing process, which clearly would then reduce the total cost. It would reduce the environmental footprint, which would bring down EPA regulations.

And so there are some things that FDA is looking at that we also have ongoing work, how can we stabilize our medical supply chain and how can part of that be bringing some of that manufacturing home.

Mr. HARRIS. So you mentioned that during COVID that in some foreign countries we kind of depend on the local regulators in some areas. So my particular question in China is, did we depend upon Chinese regulators to provide some of the inspection? And, again, since these Chinese regulators are State regulators and these Chinese companies are State-owned enterprises, is that an issue when we look to deeming local regulation equivalent to an FDA regulation?

Ms. DENIGAN-MACAULEY. So the only regulators that can be deemed equivalent to the United States are 28 regulators in the European Union, and the only expansion that they have done of that is to allow them to not just do inspections in Europe, but then other countries. So if they happen to do an inspection in China that is approved European, during the pandemic, they are allowing that under certain circumstances.

Mr. HARRIS. Okay. So we do not allow the Chinese State inspectors to substitute, great.

Okay. Thank you very much. I yield back.

Mr. BISHOP. Thank you, Dr. Harris.

At this time I am happy to recognize the gentlelady from Minnesota, the chair of the Defense Subcommittee of Appropriations, Ms. Betty McCollum.

Ms. MCCOLLUM. Thank you.

There has been a lot of talk about 12-week review, 1-week review notice before an inspection. Having worked in the private sector at a large company, Sears Roebuck, we would have people come in, quote/unquote, from the tower from Chicago. I tell you, the more advance notice, the more we did to get ready.

And so when anybody came in from the tower, or even our region, to look at the work that we were doing in the store, whether it was the restroom, the stockroom or the floor, it looked radically different than it did day to day. So any advance notice really changes the character of what goes on in any facility in one day. It included us dusting the top of refrigerators, something we never did unless we knew we had company coming.

We have talked a lot about drugs and foreign inspections, but I want to ask you some other questions because you have been also asked about food. Cosmetic products made overseas are supposed to have the same regulatory standards of those made in the United States, and we could get into even how those are inspected here at home and the standards that we have.

But the FDA has very limited resources in doing any of the cosmetic inspections. In fact, a letter from 2017 from the FDA to the Energy and Commerce Chair, Frank Pallone, states that 2.9 million cosmetic products imported in fiscal year 2016, the most recent year we have data for, was under 1 percent. Under 1 percent were physically inspected. Of those products that were physically inspected, 15 percent had adverse findings; so 1 percent of the product, 15 percent had adverse findings.

The FDA, as an organization, has released consumer warnings in the past, including for the dangers of mercury and skin-lightening products, an issue that is of intense discussion right now in my district, especially for young women of color who have taken leadership on this issue. But many of those have purchased even over the internet. So ensuring that products come to the U.S. are made in State facilities and they are safe is becoming more difficult.

And I just want to, for the committee, remind—we sometimes forget that the skin is the largest organ in our body, and everything that we put on our skin is absorbed into our system, and it can affect our health, not only from skin irritation, but from liver, from all kinds of neurological—I won't get into all of the problems it could cause because I will run out of time to get an answer; but it is really important that we address this.

So as we are looking at inspections and more and more products now coming from China, can you enlighten us with any information you might have as to how cosmetics become involved, especially some of the skin-lightning creams and others that we know have had recalls and have had tremendous effects on people's health?

Thank you.

Ms. DENIGAN-MACAULEY. Unfortunately, I don't have any recent work the GAO has done on cosmetics, but I do know that FDA, as you had mentioned, has an inspection program of the cosmetic manufacturers; but it is far fewer than we do for drugs, and they are mostly domestic. They are not looking at overseas. And cosmetics, I assume, would be increasingly global, just like the drug supply. So, for example, in 2019, they only conducted 73 domestic and two foreign.

Ms. MCCOLLUM. Wow. Well, we will leave it at that.

Mr. Chair, I know Ms. Meng and I have talked about this before, and I am sure there are others on the committee on both sides of the aisle who would like to work with us on this.

But, Mr. Chair, with your leadership I would like to spotlight this and figure out how we can work together to make sure that products that we put on our largest organ, our skin, is safe for consumption, especially for the young women who are being marketed to.

Thank you, Mr. Chair.

Mr. BISHOP. Thank you. And we certainly look forward to working with you collaboratively on that.

At this time, still in our first round, I recognize the gentleman from Texas, Mr. Cuellar.

Mr. CUELLAR. Mr. Chairman, thank you so much, and to the ranking member, both of you all, thank you so much for holding this meeting, and thank you again to our witness for being here.

I want to follow up on whether we have enough people at the border to do the testing by FDA. I will give you one example of my hometown of Laredo. We handle 16,000 trailers a day, every single day. We also have about 20-something trains a day that come in, and we want to make sure that we have enough inspectors at the border and to make sure we have the right policy.

Let me give you one example, hand sanitizers. And we know there has been a problem with hand sanitizers. The problem has been that FDA, as those hand sanitizers come in, the custom brokers—those are the people that handle the paperwork for the shipper and for the person that wants to buy it—they get down to the border, for example, and then they are told by FDA, ah, can't bring them in. So then the shipper doesn't want to deal with them. The person that was going to buy them doesn't want to deal with them. So the broker who is in the middle ends up with this product.

And then you have local landfills that don't want to accept this flammable product for destruction, and then they have to send this, at the cost of a custom broker who had nothing to do with this, except he is the one who deals with the paperwork, that then has to go through, you know, sometimes, you know, millions of dollars for the destruction.

So what these folks are asking is why can't FDA not allow the importers to just return the products back to the country it was manufactured so they can be destroyed there, instead of you letting the middle person, the custom broker, handle this cost because nobody wants it at that time.

So we are trying to find processes to, one, make sure we have enough FDA inspectors and then, if there is an issue, that you don't burden the American business with the cost when it should be on them.

So I don't know, Ms. Macauley, that is too much of a very specific question, but it happens in a place like Laredo where we are handling 16,000 trailers a day.

Ms. DENIGAN-MACAULEY. Yes. The border issue is very complex, and GAO would be happy to work with you if you would like for us to do work in that particular area. I have visited your Laredo border, and, you know, hats off to the inspectors and working with CBP to be able to do what they do. It is quite challenging. So we would be happy to work with you.

Mr. CUELLAR. Yes, thank you, if we can do that.

And the other thing, if you could also work with me, is somebody brought up the question about, I think it was Chairwoman Lee that talked about virtual inspections, because we know that there is an issue with language, and there are times where we have to depend on the company to translate. They will get some English-speaking person to translate, and then if you have to translate—interpret it. Then if you have to translate documents, that makes it more interesting when you are depending on the establishment to do that interpretation and translation.

So what I am asking on the virtual, you know, there is telemedicine where doctors actually can look at x-rays and look at a lot of things to treat a patient. There has got to be technology out there on the virtual. And if you all can start looking at some things that we can use—I would rather have inspectors there. I would rather not have any problems with any visas. I would rather have the right translator there; but if doctors can do telemedicine, I am sure we can do some inspections, to an extent, on that.

So I would like to follow up with you at a later time, and I appreciate it, especially the issue at the border because 16,000 trailers a day is something we have got to handle pretty quickly on that.

So appreciate it if we can follow up on that, and we really appreciate the good work that you all do and the men and women at the border that deal with this every single day.

Ms. DENIGAN-MACAULEY. Sure. Happy to.

Mr. CUELLAR. Thank you so much.

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

Mr. BISHOP. Thank you, Mr. Cuellar.

For our last member in the first round, I would like to recognize the gentlelady from New York, Ms. Meng.

Ms. Meng, you are now recognized.

Ms. MENG. Thank you, Chairman Bishop, and thank you to Dr. Denigan-Macauley for being here today and for your important work.

Two things: One, I did want to follow up and support the questions and concerns of Ms. McCollum on the importance of more and transparent cosmetic inspections and wanted to add to that products such as feminine hygiene products and food additives, chemicals, colorants in foods produced for the United States. We had report language last year asking the FDA to help establish good manufacturing practices for cosmetics, for example. So just wanted to reiterate what Ms. McCollum has discussed already.

And then my other comment, question is also about recruiting. I wanted to know what efforts and how the FDA recruits its multilingual inspectors. I know we discussed already translation, translators and interpreters that are used oftentimes and provided for by the facility. But just in general, how is recruitment done? What are the top languages that are needed?

And if there are maybe potential ways that we can work further with other agencies, you know, you mentioned the State Department in relation to travel for inspections, but are there any types of collaborations that we can make with other agencies even? And, you know, how can we just improve that recruiting process specifically for multilingual inspectors.

Ms. DENIGAN-MACAULEY. Yes. So the recruitment process is challenging for FDA because, in the pecking order basically, the State Department is going to have a precedence. And so there are language classes that they can take, but they are not going to have the first priority. There is security training that they need to take, but they don't get the first priority. And so I don't know the exact number of investigators that they would hire with the language ability.

To be honest, we are looking at that. I am not sure that that would even be a requirement. That is not their priority. Their priority is ensuring that they have the ability to do the inspections that are necessary so they have to have those microbiology skill sets, for example.

The other issue is that they can rely, for the few inspectors that are stationed at the China office, for example, and over in India, they do have local staff that can help them with some interpretation and language skills so that they are not having to rely on a translation app.

I mean, we heard inspectors saying that, you know, the translator that the company brought wasn't very good, and I resorted to using my app on my phone. That is just unacceptable. It really is.

The other thing is that FDA, if they don't have the resources or the ability to hire those with the language skills, there are other models that are out there. For example, the European regulators in China come up with a list and they say, okay, here is our list of inspectors—excuse me, translators that we approve. Company A, you can pick from this list and you pay for it.

So there are models that we are going to look at to see how FDA is trying to think outside the box on this very critical issue.

Ms. MENG. Thank you.

Has the GAO ever conducted a study or will they on the FDA's workforce recruitment and retention?

Ms. DENIGAN-MACAULEY. Yep. That is our ongoing work, absolutely. We have been looking at it basically this whole time, and they do have a workforce plan. But as I mentioned before, something is not working. They have a plan, they are trying to implement it, but they still have serious vacancies.

Ms. MENG. Thank you.

I yield back, Mr. Chairman.

Mr. BISHOP. Thank you, Ms. Meng.

At this time we will start our second round, and I am happy to yield to my ranking member, my partner, Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

And, again, thank you, Dr. Denigan-Macauley. This has been very insightful and informative. I do want to be brief because we are nearing the close of the hearing, but I want to just highlight a few takeaways thus far. You said that our inspection regime is the best in the world and, therefore, our consumers, the public, has a high level of confidence in American drug supply, and I think that is very important to point out. It is getting better, the FDA inspections, but there are significant deficiencies that give the inspection regime a C grade.

We talked about implementing new ways to augment the inspection regime, such as virtual inspections. Well, then the question be-

comes, are drugs virtually safe? So I think we need to be very careful about such matters.

We also have highlighted—and I think Dr. Harris did a very good job with this—that we have an uncompetitive playing field. When State-owned enterprises enter into partnership with American companies or other companies, that is a State-owned enterprise subsidized by the government. And, again, we have had lacks in environmental and labor standards around the world that have resulted in incentives for American and other foreign-based companies to enter into places in the world that is hard to inspect, and this is the reality of where we are.

So, again, I want to highlight the importance of the possibility of a grade for companies and give one other comment. A long time ago I used to be on the city council where I lived, and we had a very good individual who was in charge of doing spot inspections on businesses for safety standards. And we spoke about rather than having a gotcha mentality, a collaborative mentality.

The same applies to companies, though. Rather than those of us in government solely trying to ensure, as it is important, that companies are conducting safe and clean operations for the benefit of the public, which we must do, why wouldn't a company be so disposed, particularly if they were given a grade, to say, FDA, please come see us. We would like to voluntarily have you come in on a regularized basis or spot inspections whenever you like. And, in other words, shift the dynamic where that company gives consumers, gives the public, an added level of confidence that they are a cooperative player with inspection regime.

Are you finding anything like that in the private sector?

Ms. DENIGAN-MACAULEY. I don't—it certainly makes sense to be able to have incentive, a carrot rather than a stick. I don't have—

Mr. FORTENBERRY. Or both, or both, or both, as I said, both.

Ms. DENIGAN-MACAULEY. Yes, or both, absolutely. I mean, there is no reason that you can't have both, but I don't have specific examples for you.

Mr. FORTENBERRY. Well, I just wanted to raise this because if I am a CEO or a foreign entity watching this hearing, why wouldn't you have the disposition that I am going to guarantee, with the highest standard that is available, working with the United States Government, that my drugs are safe and effective, thereby giving me a competitive advantage? And this also implies a certain country of origin labeling or at least the grading concept that we discussed earlier.

Ms. DENIGAN-MACAULEY. Well, and based on past work that we have done, I mean, it is clear that there are a few bad actors that can ruin it for everybody. And so there are some companies who are, like, please, come, I am not one of those bad actors. So I think it would be worth the discussion.

Mr. FORTENBERRY. Mr. Chairman, in the interests of time, I yield back. Thank you very much.

Mr. BISHOP. Thank you, Mr. Fortenberry.

I just have a couple of other questions.

The COVID-19 has created a number of challenges for the FDA Foreign Inspections Program, and the backlog of physical inspec-



tions is something that we have got to deal with for many years to catch up.

The latest report from January recommends—and, of course, you indicate—one way for the FDA to supplement the regular inspection activities is to utilize alternative inspection tools. Can you walk us through FDA's reliance on those alternative tools, how they have utilized them in the past, what recommendations you make, along with regular, more frequent physical inspections, to incorporate them for the future work to eliminate the background.

About 10 years ago Dr. Jerry Avorn, who was a professor at Harvard Medical School, suggested an alternative approach to ensuring the safety of imported drugs. According to an article in "nature," he said that the agency should exert its authority over the companies importing pharmaceutical ingredients rather than on the various manufacturers. This would put the onus of inspections on importers, thereby decreasing the FDA's financial and administrative burden.

While I have some doubts, it is an intriguing suggestion. Can you share your thoughts on that with us?

Ms. DENIGAN-MACAULEY. It is an interesting suggestion, and we know on the food side that the FDA does have experience with putting the onus on the importer. So, for example, on the food side, with the Food Safety Modernization Act, they put third-party certifications to help ensure the safety of it.

The FDA now has the authority also to establish a Voluntary Qualified Importer Program which helps to ensure the safety of the food coming in. And like we have with drugs, FDA can refuse any imported food if it is denied at a facility.

So putting that onus on the importer is certainly something that FDA has experience with, and it is an interesting question that you pose and something that FDA could certainly consider.

Mr. BISHOP. Not that I am suggesting it, but I was just wondering, this was something that was proposed 10 years ago, and I don't know whether or not it would be effective or not effective, but it is an alternative. Of course, the most obvious challenge would be for us to be able to do the physical inspections.

With that, I am going to yield back.

And I will recognize Mr. Valadao, who should be the final member in the queue.

Mr. Valadao.

Mr. VALADAO. I have got no more questions. I was just watching the rest of the hearing.

Mr. BISHOP. Is there any member who would like to ask any additional questions before we wrap up?

If not, Dr. Denigan-Macauley, that you so much for your testimony and for spending time with us today. Along with what we have discussed, we will also forward additional questions for the record, and we appreciate your diligence in getting your responses to us as soon as you can possibly do so.

Any more comments from you, Mr. Fortenberry?

Mr. FORTENBERRY. Only, Mr. Chairman, to thank you for your probing and thoughtful questions here and for running this hearing so smoothly and to thank Dr. Denigan-Macauley. I think it was a very productive discussion.

Mr. BISHOP. Thank you.

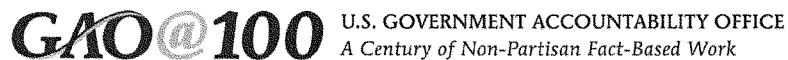
Mr. FORTENBERRY. Thank you.

Mr. BISHOP. Thank you for your participation. And thank you to all of the members who attended, and we understand that there were a couple of members that couldn't attend. We know that they had some serious conflicts.

But also let me take this opportunity to thank our staff who worked so hard to put this hearing together and I think did an outstanding job.

With that, this subcommittee hearing is adjourned.

[Material submitted for inclusion in the record follows:]



441 G St. N.W.  
Washington, DC 20548

April 20, 2021

The Honorable Sanford Bishop Jr.  
Chairman  
Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related  
Agencies  
Committee on Appropriations  
House of Representatives

Dear Mr. Chairman:

Following the March 9, 2021, hearing held by the Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies on FDA's Foreign Drug Inspections Program, we received questions for the record from you and Representative Lee. This correspondence provides our responses to these questions. If you or your staff have any questions or need additional information, please contact me at 202-512-8552 or [DeniganMacauleyM@gao.gov](mailto:DeniganMacauleyM@gao.gov).

Sincerely yours,

A handwritten signature in cursive script that reads "Mary Denigan-Macauley".

Mary Denigan-Macauley  
Director, Health Care

Enclosure

HOUSE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE HEARING ON FDA'S FOREIGN  
DRUG INSPECTIONS PROGRAM WITH THE UNITED STATES GOVERNMENT ACCOUNTABILITY  
OFFICE  
QUESTIONS FOR THE RECORD  
TUESDAY, MARCH 9, 2021

QUESTIONS SUBMITTED BY CHAIRMAN SANFORD BISHOP

**GAO Assessment of Key Inspection Issues**

1. These questions were covered in testimony, but for the purpose of creating a record as a basis for the subcommittee's work going forward, in GAO's opinion:
  - Does FDA have enough drug inspectors overall?

We have had longstanding concerns with vacancies among FDA investigators who conduct drug manufacturing inspections. FDA relies on both investigators based in the United States and overseas to complete its foreign inspection workload. We found in our December 2019 testimony that FDA had vacancies among the multiple groups of investigators that the agency uses to conduct foreign drug inspections. These groups include investigators based in the United States, who conduct both foreign and domestic inspections, and investigators based in FDA's foreign offices.

As noted in our March 2021 testimony, investigator vacancies remained as of December 2020, despite FDA's testimony in June 2020 that the agency intended to fill all investigator vacancies in 2020. We have ongoing work examining FDA's foreign drug inspection program for the House Committee on Energy and Commerce. As part of that work, we are examining steps that FDA has taken to ensure a sufficient foreign drug investigator workforce.

- Does FDA have enough inspectors to cover all foreign plants?

FDA uses investigators located in the United States and overseas to conduct inspections of establishments that are identified for inspection. In June 2020, FDA testified that prior to the COVID-19 pandemic, foreign and domestic manufacturers were inspected once every 2 to 4 years.<sup>1</sup> In our December 2019 testimony, we

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<sup>1</sup>*COVID-19 and Beyond: Oversight of the FDA's Foreign Drug Manufacturing Inspection Process, Before the Senate Comm. on Finance*, 116th Cong., 2nd sess. (June 2, 2020) (statement of Judith A. McMeekin, Pharm.D., Associate Commissioner for Regulatory Affairs, Office of Regulatory Affairs, Mark Abdoo, Associate

reported that FDA was attempting to fill investigator vacancies, but that lower staff numbers could limit FDA's ability to conduct more foreign inspections. We identified vacancies in each of the three groups of investigators upon which FDA primarily relies to conduct foreign inspections:

- Office of Regulatory Affairs (ORA) investigators based in the United States, who primarily conduct domestic drug establishment inspections, but may sometimes conduct foreign inspections;
- Members of ORA's dedicated foreign drug cadre, a group of domestically based investigators, who exclusively conduct foreign inspections;
- Investigators assigned to and living in the countries where FDA has foreign offices, including staff based in the foreign offices full time and those on temporary duty assignment to the foreign offices.

The vacancies among both the dedicated foreign drug cadre and the larger group of ORA investigators can influence the number of staff available to apply for positions in the foreign offices because these positions are filled internally. We also noted that while FDA filled several of the vacancies for domestic investigators, officials told us that new investigators are not typically assigned to foreign inspections until they have been with the agency for 2 to 3 years.

- **Are pre-announced inspections detrimental in getting a true sense of whether a plant is in compliance with U.S. drug standards?**

In our December 2019 testimony, we found that the use of preannounced inspections is one of the unique challenges that FDA continues to face when inspecting foreign drug establishments. The majority of investigators interviewed for that testimony told us that unannounced inspections are preferable to preannounced inspections.<sup>2</sup> Although some investigators noted that it was still possible to identify serious deficiencies during a preannounced inspection, the majority said preannounced inspections can give foreign establishments the opportunity to fix problems in advance of an inspection.<sup>3</sup> In addition, several investigators said seeing the true day-to-day operating environment of a drug manufacturing establishment is more likely during an unannounced inspection.

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Commissioner for Global Policy and Strategy, and Douglas Throckmorton, M.D., Deputy Director for Regulatory Programs, Center for Drug Evaluation and Research, Food and Drug Administration).

<sup>2</sup>This is based on our interviews in 2019 with investigators in FDA's dedicated foreign drug cadre and investigators based in the agency's China and India offices.

<sup>3</sup>In addition, we reported that three investigators told us that in some cases, such as for preapproval inspections, preannouncing inspections can be beneficial as the advanced notice gives establishments time to organize needed documentation and staff for the inspection.

FDA officials told us that the agency has plans to develop and implement a foreign unannounced drug inspection pilot, as noted in our March 2021 testimony. However, they said that in light of the pandemic, FDA is preannouncing all domestic and foreign inspections for the foreseeable future to help assure the safety of inspection staff and establishment employees. As part of our ongoing work, we are examining any steps FDA has taken to address or evaluate persistent challenges conducting foreign drug inspections, including preannouncing inspections.

- **Is it a problem that FDA inspectors are given unusually short periods of time to conduct their inspections?**

As we reported in our December 2019 testimony, the overseas travel schedule can present unique challenges for FDA's domestically based investigators who conduct the majority of foreign inspections. Domestically based investigators are typically scheduled for back-to-back inspections during 3-week trips overseas. Thus, some investigators told us there is little flexibility for them to extend inspections during an overseas trip—should they detect issues that they would like to further explore—as extending one inspection would limit the amount of time the investigator has to complete the other scheduled inspections. We reported that this lack of flexibility raises questions about the equivalence of foreign and domestic inspections as drug investigators on domestic inspections can more easily extend their inspections if their work suggests additional time is needed.

- **Should the U.S. government provide translation services for FDA inspectors doing foreign inspections, instead of relying on the companies to translate?**

Our prior work related to FDA's drug inspection program indicates that language barriers are a persistent challenge for FDA's foreign inspection program.

In 2008, we reported that FDA generally did not provide translators in foreign countries or require that foreign establishments provide independent interpreters. Instead, we found that FDA may rely on an English-speaking employee of the foreign establishment being inspected, which can create challenges.

In 2019, we reported that FDA continued to rely on the drug establishment being inspected to provide translation services, which can be an English-speaking employee of the establishment being inspected or an external translator hired by the establishment. The majority of FDA investigators we interviewed said that there can be concerns related to the accuracy of information when relying on the establishment being inspected to provide translation. One investigator said that a conflict of interest is more of a risk when the establishment being inspected uses its own employees to translate. In addition, the establishment-provided translator may lack the expertise needed to translate technical language, which can make it harder to facilitate the inspection.

- **Would it be challenging to on-shore more drug manufacturing?**

The COVID-19 pandemic called greater attention to the United States' reliance on foreign drug manufacturing, but there are challenges associated with increasing drug manufacturing in the United States.

In January 2021 and March 2021, we reported on a number of economic and other factors that led drug manufacturing to shift overseas. These include lower labor and energy costs; industry's preference for large factory sites; and fewer environmental regulations associated with overseas production.

In addition, we reported that the United States faces many challenges to increasing domestic drug manufacturing, including the high costs associated with building manufacturing sites in the United States and access to knowledgeable staff. In January 2021, we reported that building an FDA-approved drug manufacturing facility in the United States could cost as much as \$2 billion and take 5 to 10 years to build, according to one estimate. We also reported in March 2021 that industry associations noted that acquiring knowledgeable staff may serve as a challenge to increasing medical product manufacturing in the United States, including for drugs. Further, the United States will have competition in its efforts to bring facilities to the United States, as Japan and some European countries have similar efforts to bring drug manufacturing to their respective countries.

In March 2021, we reported on federal efforts to enhance domestic production of medical products, many of which have increased in response to the COVID-19 pandemic. These efforts include the following:

- *Funding domestic production capacity.* The federal government has utilized CARES Act funding and Defense Production Act (DPA) authorities to directly fund manufacturers to increase production of medical products, including drugs.
- *Promoting advanced manufacturing technology.* For example, FDA's Emerging Technology Program, which seeks to promote innovation in drug manufacturing. FDA believes that advanced manufacturing technologies could enable domestic drug manufacturers to be competitive with those in foreign countries.
- *Procuring domestically manufactured medical products.* Executive Orders 13944 and 14005 have directed federal agencies to maximize the purchase of domestically manufactured goods, including medical products and drugs.

In January 2021, we summarized Executive Order 13944, which was intended to help ensure the resiliency of the U.S. medical product supply chain. Our discussion indicated that federal purchasing alone may not be a sufficient incentive for manufacturers to increase domestic production. Total federal procurement of drugs and medical supplies only makes up about 5 percent of the U.S. commercial market, according to officials from the Department of Defense (DOD) and the Office of the Assistant Secretary of Preparedness and Response.

#### Consumer Access to Information

2. **Dr. Denigan-Macauley, do you believe consumers are able to easily access information about where their drugs were manufactured and under what conditions the manufacturing occurred? If FDA were to implement a policy requiring country of origin labeling, how do you think FDA should go about collecting and posting this information?**
  - **Do you think it makes more sense to have the reporting burden placed on the manufacturer to post this information on its website or an online label??**

We have not conducted work on country of origin labeling proposals or the ability of consumers in the United States to access drug manufacturing information.

However, we have found that the federal agencies that oversee the safety and effectiveness of medical products or purchase drugs are not able to easily access information about where drugs are manufactured. In January 2021, we reported that FDA did not have complete and accessible manufacturing information, inhibiting the identification and mitigation of supply chain vulnerabilities, and that DOD and the Department of Veterans Affairs (VA) did not have sufficient information to report on the manufacturing sources of the drugs they purchase, as directed by Executive Order 13944.<sup>4</sup> For example, during the COVID-19 pandemic and in response to concerns of potential supply disruptions and drug shortages, FDA asked more than 180 drug manufacturers to evaluate their supply chains for components manufactured in China and report back to FDA. Agency officials said that it took this step because it was not able to easily access this information from its own data systems. Thus, we recommended that the FDA Commissioner should, as the agency makes changes to its collection of drug manufacturing data, ensure the information obtained is complete and accessible to help it identify and mitigate supply chain vulnerabilities, including by working with manufacturers and other federal agencies (e.g., DOD and VA) and, if necessary, seek authority to obtain complete and accessible information.

Additionally, Congress took a step that was intended to increase information on the U.S. drug supply chain with the CARES Act, which was enacted in March 2020. The Act required domestic and foreign manufacturers to annually report to FDA on the volume of each drug manufactured.<sup>5</sup> The new requirement was scheduled to go into effect in September 2020, but FDA officials said that the agency delayed implementation of this provision as it was determining the logistics for electronic reporting, such as whether to

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<sup>4</sup>Exec. Order No. 13944, *Combating Public Health Emergencies and Strengthening National Security by Ensuring Essential Medicines, Medical Countermeasures, and Critical Inputs Are Made in the United States*, 85 Fed. Reg. 49,929 (Aug. 14, 2020).

<sup>5</sup>Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Pub. L. No. 116-136, § 3112, 134 Stat. 281, 362 (2020) (codified in pertinent part at 21 U.S.C. § 360(j)).



incorporate it into existing data systems, and has not indicated when it will begin requiring manufacturers to submit this information. In January 2021 we reported that FDA would have preferred that the additional required data be more detailed and reported more frequently so the agency could determine how much product is manufactured at each establishment and how reliant manufacturers are on certain suppliers on the amount of each drug manufactured for the U.S. market by each establishment. Further, FDA officials said that this new provision will not likely help provide insight into which suppliers are being used because it does not expressly require manufacturers to identify the sources of API or other ingredients used to manufacture the drugs.

#### Addressing Challenges with Translation Services

3. **Following up on suggestions offered during the hearing, there seem to be several good solutions to FDA's problem of inspectors relying on translators provided by the drug manufacturer establishment being inspected. Dr. Mary Denigan-Macauley mentioned, for example, that the EU has a list of 'approved translators or translating service providers' that drug manufacturer establishments can choose from. Has FDA pursued this or other options that would involve contracting translation services through a vetted and verified company? If not, why?**

We have ongoing work examining the extent to which FDA has taken steps to address persistent challenges to conducting foreign drug inspections, including challenges related to language barriers. As a part of that work we will determine the extent to which FDA has looked at the EU and other approaches to overcoming the language barrier challenge. FDA has previously acknowledged that language differences can be an impediment to ensuring that the information communicated and collected by an investigator during an inspection are accurate and complete.<sup>6</sup>

#### Foreign Inspector Vacancies

4. **Previous GAO reports and testimonies have noted the challenges FDA continues to have in filling vacancies and hiring additional staff to conduct foreign inspections. In response to GAO recommendations, FDA released a strategic workforce development plan in 2016 to help recruit and train foreign office staff but high vacancies haven't much improved since that time. Additionally, in June 2020, FDA testified that it intended to fill all investigator vacancies in 2020, but as of December 2020, investigator vacancies remained. Recognizing that foreign inspections present**

<sup>6</sup>*Securing the U.S. Drug Supply Chain: Oversight of FDA's Foreign Inspection Program, Before the Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, 116th Cong. (December 19, 2019) (Andrew Tantiello, Acting Associate Commissioner for Legislative Affairs, Food and Drug Administration, letter to the Honorable Frank Pallone, U.S. House of Representatives (Oct. 15, 2020), accessed March 26, 2021, <https://docs.house.gov/meetings/IF/IF02/20191210/110317/HHRG-116-IF02-Wstate-WoodcockMDJ-20191210-SD002.pdf>*

unique bureaucratic and procedural challenges, it also seems that hiring, training, and developing new investigators may not really be a priority at FDA.

**5. Do you believe FDA is accurately assessing and prioritizing its foreign inspection needs?**

We have ongoing work related to the steps FDA has taken to ensure a sufficient foreign drug inspection investigator workforce, and we plan to review recent recruitment and retention efforts and broader workforce planning as part of that work. Investigator hiring is particularly important as new investigators are not typically used for foreign inspections until they have been with the agency for 2 to 3 years.

**Budgets for Domestic vs Foreign Drug Inspections**

**6. Obviously, FDA is vastly under-staffed and under-resourced when it comes to foreign inspections versus domestic inspections. While FDA publishes annual data on drug and device inspections, the report is limited and does not contain a detailed breakdown showing the number of inspectors by Center or domestic versus foreign inspections.**

**7. Do you have any data on the number of foreign drug inspectors compared to domestic drug inspectors and the relative budgets of the two activities?**

We plan to continue examining FDA's efforts to ensure a sufficient foreign inspection workforce as part of our ongoing work.

FDA's domestically-based investigators can conduct both domestic and foreign inspections, and we have found that this group conducts the majority of foreign inspections. Although we have not specifically reported on the number of investigators who conduct domestic inspections versus the number who conduct foreign inspections or the relative budgets of the two activities, we reported in December 2019 that ORA investigators based in the United States conducted about 76 percent of foreign inspections, members of ORA's dedicated foreign drug cadre conducted about 15 percent, and investigators in foreign offices conducted about 7 percent in fiscal year 2018. According to FDA's June 2020 testimony, these numbers stayed largely the same for fiscal year 2019.<sup>7</sup>

We noted in our March 2021 testimony that the total number of foreign inspections surpassed the number of domestic inspections in fiscal year 2015, and there have been more foreign inspections conducted than domestic inspections each subsequent year through fiscal year 2019, where there were 977 foreign and 694 domestic inspections. Further, we found that FDA continued to conduct the largest number of foreign

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<sup>7</sup>COVID-19 and Beyond, Before the Senate Comm. On Finance, 116<sup>th</sup> Cong., 2<sup>nd</sup> sess. (June 2, 2020) (statement of McMeekin, Abdoo, and Throckmorton).

inspections in China and India, with almost half of fiscal year 2019 foreign inspections conducted in these two countries.

#### **Recruitment, Training, and Staffing**

8. **With most of drugs in the U.S. market manufactured abroad, it seems counterintuitive that resources devoted to recruiting domestic inspectors would exceed resources devoted to recruiting foreign inspections. A training program that is reliant on 2-3 years of domestic experience before qualifying for foreign inspector jobs also sounds inefficient if the overwhelming need is for foreign inspectors. In order to best utilize the additional funding Congress provided in fiscal year 2021 to strengthen foreign drug inspections, do you believe FDA should hire more staff in foreign offices, add more staff to FDA's dedicated foreign inspectorate, change recruitment and training requirements, or something else?**

FDA relies on both foreign and domestic investigators to complete its foreign inspection workload. While investigators based in the United States may primarily conduct domestic inspections, as we noted in our 2019 testimony, more experienced investigators in this group are expected to conduct three to six foreign inspections per year and investigators hired using generic drug user fees are expected to inspect nine to 12 foreign establishments per year.

In FDA's June 2020 testimony, the agency noted that once FDA hires a new investigator, it can take 1.5 to 2 years of training for them to become fully proficient.<sup>8</sup> Further, foreign inspections present unique challenges to FDA investigators. Thus, when filling vacancies in its foreign offices, the agency recruits investigators who have experience conducting foreign inspections from the pool of domestic investigators in ORA, including those in FDA's foreign drug cadre. It is therefore important to examine FDA's recruitment and hiring strategies both for investigators based in the United States and those in the dedicated foreign drug cadre and foreign offices.

We continue to examine FDA's efforts to ensure a sufficient inspection workforce in our ongoing review of FDA's drug inspection program, including examining efforts to fill previously identified vacancies in each group of investigators.

9. **What incentives does FDA provide for domestic staff to move into these foreign inspections roles?**

In our 2016 report, we reported that foreign office staff at certain locations may receive hardship pay, a cost of living adjustment, and other benefits, such as subsidized housing and reimbursed private education for staff members' school age children.

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<sup>8</sup>*COVID-19 and Beyond, Before the Senate Comm. On Finance, 116<sup>th</sup> Cong. 2<sup>nd</sup> sess. (June 2, 2020)* (statement of McMeekin, Abdoo, and Throckmorton).

However, as we reported in our 2019 testimony, vacancies persist in each of the three groups of investigators upon which FDA relies on to conduct foreign inspections. FDA relies on domestically based investigators who have foreign inspection experience to fill vacancies in its foreign offices, so vacancies among both the dedicated foreign drug cadre and the larger group of ORA investigators can influence the number of staff available to apply for positions in the foreign offices. In addition, we found that the agency has faced challenges transitioning domestically based staff to its foreign offices. Specifically, FDA estimated that it can take as little as 1 month to over 2 years for an investigator to clear background and medical checks and arrive at a foreign office. According to FDA's own strategic workforce plan for the foreign offices, these types of delays have resulted in staff changing their decision after accepting a position in the foreign offices.

We plan to continue examining FDA's efforts to ensure a sufficient foreign inspection workforce, including any incentives to overcome these hardships, as part of our ongoing work.

#### COVID-19 Challenges

- 10. COVID-19 has created many challenges for the FDA's foreign inspections program. The huge backlog in physical inspections is something the agency is going to have to deal with for many years. GAO's latest report from January recommends that one way for FDA to supplement regular inspections activities is to utilize alternative inspection tools.**

**Please describe FDA's reliance on those alternative tools, how they have utilized them in the past, and the recommendations you would make for FDA, along with regular and more frequent physical inspections, to incorporate them in the future to work on the backlog.**

In our January 2021 report, we recommended that FDA fully assess its alternative inspection tools and consider whether these tools, or others, could provide the information needed to supplement its regular inspection activities or help meet its drug oversight objectives when inspections are not possible in the future. FDA increased its use of alternative tools to support the agency's oversight of drug manufacturing quality in light of the COVID-19 pandemic (as described below), but, with the exception of European regulator inspection reports, the agency does not consider these tools to be a full substitute for an FDA inspection. A full assessment will allow the agency to consider how the information obtained from alternative tools can be used to support its inspection work now and in the future, including its activities to address the backlog of mandatory surveillance inspections resulting from the COVID-19 inspection pause.

During the COVID-19 pandemic,

- FDA expanded the use of the mutual recognition agreements it has with European regulators. Prior to the pandemic, FDA had completed a capability assessment for each of the 28 European regulators covered under the mutual recognition agreements to ensure that they could conduct inspections at the same standard similar to an FDA

inspection, allowing the agency to use inspection reports from these regulators as a full substitute for an FDA inspection, but only for inspections they conducted in Europe. In light of the COVID-19 inspection pause, FDA also assessed and deemed that inspections conducted outside of Europe from 19 of 28 European regulators can be substituted for an FDA inspection (as of January 2021).

- FDA substantially increased the use of its authority to request records from establishments in advance or in lieu of an inspection. Prior to the pandemic, FDA had used this authority in a more limited capacity to oversee 10 establishments that the agency could not routinely inspect due to travel warnings. In light of the COVID-19 inspection pause, FDA established an interim policy enabling the agency to use establishment records in combination with a review of non-European foreign regulator reports—specifically, regulators that are among the 53 members of the Pharmaceutical Inspection Cooperation Scheme—to support its surveillance of establishments already manufacturing FDA-regulated drugs. In fiscal year 2020, FDA made over 310 requests for records to support its surveillance of drug manufacturing establishments in at least 36 countries, according to FDA officials.
- FDA adjusted its approach to selecting drugs for sampling and testing at the border, and targeted sampling of high-risk and difficult-to-manufacture drugs from foreign establishments that had their inspections postponed due to the pandemic. FDA issued 54 sampling-related import alerts between March 1, 2020, and December 1, 2020, and in January 2021, placed all alcohol-based hand sanitizers from Mexico on import alert because it identified a high proportion of methanol contamination in these drug products.

#### **Substitutes for Preapproval Inspections During COVID-19**

- 11. I am concerned that the submission and review of records from foreign drug manufacturers is considered a substitute for FDA preapproval inspections, putting FDA at greater risk of receiving of falsified and fabricated records. Do you have a sense of how FDA plans to utilize this specific alternative to inspections is used, and how the accuracy of data in these records is verified?**

As noted in our January 2021 report, FDA has used alternative tools to oversee drug manufacturing quality while inspections have been paused, including the use of inspections conducted by foreign regulators, requesting and reviewing records and other information, and sampling and testing drugs. FDA can substitute the review of records and other information for conducting a preapproval inspection, but will only do so in certain cases. For example, FDA may choose to do this if the establishment has an acceptable drug inspection history for related manufacturing operations. In January 2021 we recommended that FDA fully assess its alternative inspection tools and consider whether these tools, or others, could provide the information needed to supplement its regular inspection activities or help meet its drug oversight objectives when inspections are not possible in the future. Such an assessment should include an evaluation of the reliability of any information obtained using alternative tools.

### GAO High-Risk List Issues

12. The FDA foreign drug inspections program has a long history with GAO and has been the subject of numerous reports throughout the years. In addition, FDA's overall ability to conduct oversight of medical products, particularly its ability to monitor foreign establishments, has appeared on GAO's high risk list since 2009. Can you give us your assessment of the path FDA has taken over the years to address its deficiencies?

FDA's oversight of medical products was added to our High-Risk List in 2009 due to concerns by GAO and others about FDA's ability to fulfill its mission of ensuring the safety and efficacy of drugs, biologics, and medical devices. In particular, there were concerns that demands on the agency had increased in recent years, in part due to the globalization of the industries regulated by FDA and the emergence of challenging safety problems, but that the agency's resources had not increased proportionally. Along with these concerns, GAO also reported in 2009 on other challenges that contributed to FDA's oversight of medical products being placed on the High-Risk List, including the following:

- weaknesses in FDA's databases for managing foreign drug and medical device inspection programs and the relatively few inspections of foreign manufacturing establishments FDA was conducting compared to domestic manufacturing establishments.
- the lack of clear and effective FDA processes for making decisions about, and providing management for, postmarket safety issues and problems with the data used for postmarket oversight.

Throughout the years, FDA has made progress in implementing some of our recommendations and taking other steps to meet our criteria for being removed from the High-Risk List. Congress also enacted user fee legislation that provides the agency with additional resources to monitor generic drugs and, more recently, over-the-counter drugs. Congress has also required FDA to implement some of our recommendations, including those related to requiring that foreign and domestic drug manufacturing establishments with similar characteristics are inspected at a comparable frequency, and required drug manufacturers to report supply disruptions to FDA.

As we reported in our 2017 High-Risk report, and again in 2019 and 2021, as a result of this progress, FDA has met the criteria for leadership commitment, and partially met the criteria for capacity, action plan, monitoring, and demonstrating progress.<sup>9</sup> Also in 2015,

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<sup>9</sup>The five criteria for removal from the High-Risk List are: leadership commitment, capacity, action plan, monitoring, and demonstrating progress. Leadership commitment is demonstrating strong commitment and top leadership support. Capacity is whether an agency has the people and resources needed to resolve risks. Action plan is whether a corrective action plan exists that defines the root cause, solutions, and provides for completing corrective measures, including steps necessary to implement solutions GAO recommended. Monitoring is whether a

we removed medical devices as an area of concern. However, responding to globalization and drug availability continue to be longstanding areas of concern discussed in our High-Risk report. Further, the COVID-19 pandemic has exacerbated some of these challenges, making continued commitment from leadership especially important.

### 13. What would it take for them to come off the high-risk list?

As of March 2021, our High-Risk List identifies two areas of concern related to FDA's oversight of medical products—response to globalization and drug availability. To be removed from GAO's High-Risk List, the agency needs to fully meet the five criteria for removal within each of these areas of concern. Overall, FDA still must take steps to meet the criteria for capacity, action plan, monitoring, and demonstrated progress. There are also several GAO recommendations that require action by FDA, as described further below. We are also continuing to evaluate FDA's medical product oversight in ongoing work, particularly in light of the challenges presented by the COVID-19 pandemic.

With respect to responding to the area of concern for globalization, FDA needs to fully meet GAO's criteria for capacity, monitoring, and demonstrating progress. To illustrate, capacity remains a concern given the continued vacancies in the number of investigators available to conduct inspections of foreign drug manufacturing establishments, the recent downward trend in inspections after an all-time high, and now the halting of most inspections because of the COVID-19 pandemic. We also have several open recommendations that point to the need for FDA to increase monitoring of medical products manufactured overseas. These recommendations are

- developing performance measures for its foreign offices;
- assessing the effectiveness of its foreign offices;
- assessing the agency's alternative inspection tools and how to use them in the future, and
- identifying and responding to the issues presented by the backlog of inspections from the COVID-19 pandemic as it develops its inspection plans for future years.

Further, we note that FDA should also ensure all establishments are inspected at an appropriate frequency and take steps to address the staffing and other challenges associated with inspecting foreign establishments. Continued commitment from leadership is also especially important given the challenges that have been exacerbated by the COVID-19 pandemic.

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program has been instituted to monitor and independently validate the effectiveness and sustainability of corrective measures. Demonstrated progress is the ability to demonstrate progress in implementing corrective measures and resolving the high-risk area. See GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, GAO-21-119SP (Washington: D.C.: Mar. 2, 2021).

With respect to responding to the area of concern for drug availability, FDA needs to fully meet GAO's criteria for capacity, action plan, and demonstrating progress. For example, with respect to capacity, FDA received additional statutory authorities in March 2020 for over-the-counter drugs that officials said could allow FDA to address identified safety risks in a more timely and efficient manner, including the authority to collect user fees from manufacturers of those products. However, FDA officials said it will take time before FDA is able to fully realize any benefits that might result from these changes. We also have outstanding recommendations to help the agency take important steps to help ensure that safe and effective drugs are accessible to patients. These recommendations include

- conducting periodic analyses to assess drug shortage information to proactively identify risk factors for potential drug shortages;
- taking additional steps to address inconsistency in its written comments to generic drug application sponsors that can lead to longer reviews;
- planning strategically to identify challenges that cut across FDA's multiple centers overseeing medical products, and document how the agency will achieve measurable goals and objectives in these areas; and
- ensuring the manufacturing supply chain information it obtains is complete and accessible to help FDA identify and mitigate supply chain vulnerabilities, and, if necessary, seek authority to obtain do so.

#### **Risk-Based Enforcement Strategy Challenges**

**14. In response to the greater globalization of drug manufacturing, Congress set into law the risk-based model for selecting potential sites for inspections through the Food and Drug Administration Safety and Innovation Act in 2012. FDA had been using risk models for many years before that but the 2012 Act provided the major shift to FDA's current risk-based system.**

**There are a few challenges with this model, most notably that your definition of risk is dependent on the quality of information that's fed to the risk-based system. Making sure this data is complete and accessible is another complicating factor. Can you outline some of the areas where FDA may not be receiving a complete picture and how that affects their ability to detect risk in the global drug manufacturing market?**

FDA uses multiple databases to select foreign and domestic establishments for surveillance inspections—that is, inspections used to ensure drugs already on the market are manufactured in compliance with FDA regulations. These databases include its registration database and inspection database. Because the establishments are continuously changing as they begin, stop, or resume marketing products in the United States, FDA creates a catalog of establishments subject to inspection monthly. To prioritize establishments for surveillance inspections, FDA applies a risk-based site



selection model to its catalog. The model is used to identify those establishments (both domestic and foreign) that pose the greatest potential public health risk should they experience a manufacturing defect. This model analyzes several factors—including inherent product risk, establishment type, inspection history, and time since last inspection—to develop a list of establishments that FDA considers to be a priority for inspection.

We have had concerns since our 1998 report about the information FDA maintains on drug establishments subject to inspection and have made related recommendations. Specifically, we have repeatedly found that FDA lacks a complete and accurate list of establishments subject to inspection. This occurs for a variety of reasons including that some establishments register with FDA, but do not actually manufacture drugs for the U.S. market, and other establishments that are subject to inspection are not required to register with the agency. While, as noted in our 2010 and 2016 reports, FDA has taken steps to improve the accuracy and completeness of information in its catalog of drug establishments subject to inspection, challenges remain. Most recently, in our 2019 testimony we reported that recent declines in the count of foreign inspections conducted by FDA were due, in part, to data inaccuracies that affected its process for selecting establishments for inspection. Specifically, we noted that as part of its initiative to inspect approximately 1,000 foreign establishments that lacked an inspection history, FDA selected establishments for inspection but then determined that a sizeable percentage from this list were not actually subject to inspection. FDA has noted continued challenges related to maintaining complete and accurate information on foreign drug establishments. For example, the agency reported that in fiscal year 2018 it removed approximately 50 percent of registered South Korean drug manufacturing establishments from its catalog because they did not have product in the U.S. market and did not need to be registered.

Given FDA's history of challenges related to the management of information on drug establishments, reviewing the quality of information underlying the model used to select establishments for surveillance inspections could be important to ensure that the risks of foreign and domestic establishments are assessed in equivalent ways. We are exploring methodologies to allow us to further examine FDA's risk-based model as part of our ongoing work. We would be happy to brief you on our scope, methods, and time frames, once established.

#### QUESTIONS SUBMITTED BY CONGRESSWOMAN BARBARA LEE

##### Impact of inspection backlogs on people living with HIV

1. Although the U.S. is expected to see an increase in the number of generic antiretrovirals (ARVs) as ARV drugs continue to come off patent, there are barriers to access and their availability on the market. Right now, only a small percentage of people living with or vulnerable to HIV are dependent on generic ARV drug products manufactured internationally.

With growing robust generic competition, the percentage of generic ARV drug products manufactured internationally is expected to grow in the coming months, but potentially not if the inspection bottleneck delays generic entry.

Biomedical interventions, including generic ARVs, are providing consumers with more options and spurring competition in the process, which may ultimately help lead to reducing new HIV diagnoses in the U.S. What is the potential impact of a prolonged inspection backlog on emerging generic drug markets for diseases that have historically required the use of high-priced branded prescription drugs, including for HIV treatment and prevention?

FDA may face both brand name and generic drug approval challenges as a result of the pause in inspections during the COVID-19 pandemic, but the extent of such challenges is unclear.

While FDA had not resumed routine foreign surveillance inspections (those conducted to ensure continued compliance with applicable laws and regulations after a drug is marketed) as of February 2021, the agency was continuing to conduct “mission-critical” inspections overseas, which includes preapproval inspections related to approving a new brand name or generic drug, as noted in our January 2021 report. In our March 2021 testimony we reported that in recent months FDA conducted nine preapproval inspections in China and two inspections in India.

In addition, FDA has used alternative tools to oversee drug manufacturing quality while inspections have been paused. FDA is better able to substitute these alternative tools for preapproval inspections than for surveillance inspections. For example, in certain cases, FDA can substitute the review of records and other information for conducting a preapproval inspection, but cannot substitute such records alone for surveillance inspections.

FDA reported that, as a result of its use of alternative tools, during the first quarter of fiscal year 2021, the agency continued to act on more than 90 percent of brand-name and generic drug applications on or before their user fee goal date.<sup>10</sup> However, in our January 2021 report we noted that representatives of two associations representing drug manufacturers said that the longer that inspections are postponed, the more likely that the inability to conduct a preapproval inspection could create larger challenges for FDA’s ability to make approval decisions. We recommended that FDA fully assess its alternative inspection tools and consider whether these tools or others could provide the information needed to supplement regular inspection activities or help meet its drug oversight objectives when inspections are not possible in the future. FDA concurred with the recommendation.

#### FDA’s Use of Virtual Inspections

<sup>10</sup>Food and Drug Administration, *CDER’s Work to Meet User Fee Goals During the Pandemic*, accessed March 29, 2021, <https://www.fda.gov/industry/fda-user-fee-programs/cders-work-meet-user-fee-goals-during-pandemic>.

2. In your testimony, you shared that the FDA is in the process of assessing the potential use, including its authority to use, other tools such as virtual inspections, to serve as supplements to FDA inspections. How will the FDA use virtual inspections to help address the current inspection backlog in a way that does not compromise the safety and efficacy of the drugs?

In January 2021, we reported that the continued development of tools that can be used in lieu of an FDA inspection is a priority for the agency; however, agency officials stated it was unclear whether certain alternative tools can be used as a full substitute for an FDA inspection. FDA anticipated that lessons learned from using alternative tools during the COVID-19 inspection pause will help the agency evaluate the long-term use of the tools and incorporate any best practices in its normal surveillance activities, as appropriate, according to agency officials.

On April 14, 2021, FDA issued guidance describing how the agency will use ‘remote interactive evaluations’ during the COVID-19 public health emergency to support its oversight of drug manufacturing.<sup>11</sup> According to FDA’s guidance, the agency may use the information and documentation collected during a remote interactive evaluation to prioritize an establishment for a surveillance inspection, and to determine the scope, depth, and timing of the inspection. However, according to FDA, a remote interactive evaluation does not constitute a surveillance inspection for purposes of section 510(h)(3) of the FD&C Act.

3. If this can be done, virtual inspections can be a cost-effective way to address the current backlog without necessarily relying on foreign inspections. And, based on your knowledge of the approval process from your investigation, isn’t there potential for the virtual inspection capability be used *domestically*, creating an efficiency that would have a positive impact on patients relying on drugs manufactured in these facilities?

As we reported in January 2021, FDA has relied on alternative tools during the pandemic to oversee both domestic and foreign drug manufacturing when in-person inspections are not possible. While some alternative tools, such as reviewing European regulator reports, help FDA obtain information on foreign establishments, FDA has used its authority to request records and other information from both domestic and foreign establishments. FDA has also performed sampling and analytical testing of FDA-regulated products both domestically and at the U.S. border during the pandemic.

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<sup>11</sup>Department of Health and Human Services, Food and Drug Administration, *Remote Interactive Evaluations of Drug Manufacturing and Bioresearch Monitoring Facilities During the COVID-19 Public Health Emergency: Guidance for Industry* (April 2021), available at <https://www.fda.gov/regulatory-information/search-fda-guidance-documents/remote-interactive-evaluations-drug-manufacturing-and-bioresearch-monitoring-facilities-during-covid>. According to this guidance, a ‘remote interactive evaluation’ may encompass FDA’s use of a variety of remote interactive tools, including using livestream and/or pre-recorded video to examine establishment facilities, operations, data, and other information, as well as requesting and reviewing documents, records, and other information in advance of or during the livestream interaction.

According to the ‘remote interactive evaluations’ guidance that FDA issued in April 2021, FDA may request to conduct a remote interactive evaluation whenever a program office determines it is appropriate based on mission needs and any travel limitations during the COVID-19 pandemic, and this policy applies to all FDA drug inspection programs.<sup>12</sup>

#### Costs of FDA Inspection Delays

4. Though FDA claimed last fall that it maintained its goal of completing more than 90% of its application actions on-time, the inability to conduct preapproval inspections has resulted in approval delays. There is reasonable concern that this will cause even more delays as regulatory deadlines for drug applications submitted since the start of the COVID-19 pandemic approach.

**If the FDA can’t implement your recommendations in a timely manner, does GAO have any estimate on the cost of this disruption of the inspection process? And by cost, I mean in terms of dollars but also outcomes. My concern is ultimately how we ensure this is not creating yet another access barrier for people to get what they need, nor eroding the quality of the drugs they need.**

While FDA does not always identify the need to conduct preapproval inspections before approving a new brand name or generic drug, it may do so. As noted in our January 2021 report, three of the drug industry representatives we interviewed said that the postponement of inspections had not yet significantly affected FDA’s ability to make drug approval decisions because preapproval inspections may happen months before an application is approved. However, a continued pause in preapproval inspections may lead to future delays in approvals.

As noted above, we found that FDA is better able to substitute alternative tools for preapproval inspections than for surveillance inspections. For example, unlike surveillance inspections, FDA can substitute the review of records and other information for conducting a preapproval inspection. FDA officials told us that they are expanding the use of alternative tools to mitigate the effects of the pandemic on the agency’s ability to make approval decisions when inspections are not possible.

While we have not conducted work necessary to comment on the dollar cost or any other adverse outcomes resulting from FDA’s inability to conduct a preapproval inspection, we will continue to monitor FDA’s implementation of our recommendation to fully assess its alternative inspection tools.

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<sup>12</sup>Food and Drug Administration, *Remote Interactive Evaluations*.

WEDNESDAY, MARCH 24, 2021.

## **THE RURAL ECONOMY**

### **WITNESSES**

**JEFFERY S. HALL, CHAIRMAN, FARM CREDIT SYSTEM INSURANCE CORPORATION**

**GLEN R. SMITH, CHAIRMAN AND CEO, FARM CREDIT ADMINISTRATION**

Mr. BISHOP. This hearing is now called to order. As this hearing is fully virtual, we must address a few housekeeping matters.

For today's meeting, the chair or staff designated by the chair may mute participants' microphones when they are not under recognition, for purposes of eliminating inadvertent background noise.

Members are responsible for muting and unmuting yourselves. If I notice that you have not unmuted yourself, I will ask you if you would like the staff to unmute you. If you indicate approval by nodding, the staff will unmute your microphone.

I remind all members and witnesses that the 5-minute clock still applies. If there is a technology issue, we will move to the next member until the issue is resolved, and you will retain the balance of your time.

You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn yellow. At 30 seconds remaining, I will gently tap the gavel to remind members that their time is almost expired. When your time has expired, the clock will turn red, and I will begin to recognize the next member.

In terms of the speaking order, we will follow the order set forth in the House rules, beginning with the chair and ranking member, then alternating between majority and minority members present at the time the hearing was called to order will be recognized in the order of seniority, and finally members not present at the time the hearing is called to order.

Finally, House rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing at any of our hearings or markups. That email address has been provided in advance to your staff. Last reminder, please ensure that your video is turned on at this time.

Good afternoon and welcome to today's hearing. Today we are examining the state of the rural and farm economies through the lens of Farm Credit, to help us understand the challenges and opportunities our farmers in rural communities face.

We are joined by Glen Smith, board chairman and CEO of the Farm Credit Administration; and Jeff Hall, chairman of the Farm Credit System Insurance Corporation.

We are glad to have you back with us once again. I know we juggled the schedule a bit to have this hearing, and I appreciate your flexibility.

Last year we held a budget hearing with the Farm Credit Administration before the entire landscape changed, due to COVID-19. Just weeks after that hearing, there were reports of farmers dumping thousands of gallons of milk and plowing under acres of produce. But even before the pandemic, the farm sector was facing many challenges, including trade uncertainties, large commodity supplies, weak prices, extreme weather, and high levels of debt and bankruptcy.

In fact, in your testimony last year, you noted that Federal farm subsidy payments, crop insurance, and particularly market facilitation payments were the difference between a net operating loss and breaking even for many farm operators. That was, indeed, true last year.

And, indeed, in addition to the MFP payments, which aided farmers directly impacted by retaliatory tariffs, USDA also provided assistance through the Coronavirus Food Assistance Program for agricultural producers that were affected by the coronavirus pandemic.

According to the Economic Research Service, direct government farm payments totaled \$46 billion in 2020. Looking forward to this year, there will likely be a large drop in direct government payments, but you note that you expect gross farm income to remain the same and net farm income to decline only slightly.

Finally, in all of this, I don't want to lose sight of young, beginning, and small farmers. 2019, the number of loans as well as the dollar volume of those loans going to these three groups increased. While this is hopeful, we know that the beginning farm households have less wealth, have more debt relative to their assets than established farms. Ensuring that our beginning and small farmers have access to resources is vital to the strength and the future of the farm and rural economies.

Our farmers, ranchers, and producers are resilient, but the last several years have been quite challenging, and I am cautiously optimistic that this year will bring more stability. I want to thank our witnesses for being with us today, and I look forward to today's discussion.

Now let me ask my distinguished ranking member and my partner as we collaborate the work of this committee, Mr. Fortenberry, if he would like to make any opening remarks.

Mr. Fortenberry, you are recognized.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Yes, I would like to make a few remarks.

First of all, let me thank you that you have called this important hearing on the state of the rural economy, which is, of course, a unique and vital and, frankly, often overlooked part of our Nation's overall economy and certainly well-being.

I would like to also say good afternoon to Chairman Smith and Chairman Hall, welcome back.

Mr. Chairman, you have heard me say this before, but in Nebraska our farmers and ranchers help feed the world. And we are pioneering the farm of the future, through wedding high-tech with

high-touch, connecting the farmer to the family, the rural to the urban, and the farm to the table.

And I am pleased to join with ag producers in Nebraska and all across the country this week in celebrating National Agriculture Week.

Our No. 1 industry here at home is agriculture, and we are ranked third overall as an ag State, generating \$21 billion a year in ag-related revenue. And then that is more dollars and cents per capita from ag commodities than any other State.

So farmer and rancher and agribusiness access to dependable credit is vital to my State and our Nation's committed agricultural success, especially after the recent supply chain's disruptions, such as the 2019 bomb cyclone event that we experienced here, and then, of course, this year the global pandemic which has caused so much suffering.

Our regional banks extended critical financial resources to aid our farmers and ranchers during this last year. I heard from a number of sectors in my district just how important this credit was. The Farm Credit System allowed many farmers and communities to get back on their feet, and for that I am thankful. And as a result, net farming come last year was the highest that it has been since 2013.

Mr. Chairman, if you would allow me just a few more moments, I would like to touch upon three major areas with our witnesses.

First, I am eager to receive an update on the current state of the farm economy as well as any risk to the Farm Credit System. And as banking regulators, one of your fundamental duties is to determine if the System portfolio is diversified enough to avoid shocks that could ripple across other sectors.

I see a common thread in the peaks and troughs of the past 10 years. Export sales to China. Especially for fundamental crops such as soybeans and corn, China is our major export market and our fiercest competitor and our greatest adversary. I would like to know how big of a risk to our banking system and our rural communities is this one nation of China.

Second, the average age of a farmer in America is 58 years old now. Our chairman, Chairman Bishop mentioned this, the Young, Beginning and Small Farmer and Rancher Program. Your testimony today will note Farm Credit's work with the USDA Farm Agency for young and beginning lenders to use better USDA resources.

I appreciate these efforts to grow the ag family to include younger and more diverse participants, but I am hopeful that we can see even greater progress. What can your System do to ensure that we have a more sustainable Farm System, if you will, to ensure that we have the best ag economy in the world?

And lastly, I need to point out that I am encouraged by the report of a major new investment in the rural broadband portfolio from nearly \$2 billion to nearly \$10 billion in 1 year. You wisely note in your written testimony that broadband has become essential to the survival of rural communities.

Here is a consideration, though. The chairman and I have thought aggressively about this. Wires laid do not automatically

translate into a more vibrant, economically robust, and culturally connected rural community.

We need to dig deeper to determine other important yields from these investments as they lend themselves to what I call creating an ecosystem of liveability: Telehealth, telework, precision agriculture, distance learning and a number of other metrics by which we would like to see outcomes.

We also need to look at the fundamental definition of what rural means. Chairman Bishop and I were able to expand the ReConnect rural program to include communities that are rural in character, and I think this was important, so that slightly larger rural communities are not deprived of necessary capital.

Finally, the Farm Credit System should continue to play a key role in ensuring that America has among the lowest per capita grocery prices in the world, again, another statistic that we tend to forget. And without farmers and ranchers' dependable access to abundant and affordable credit, we all will have less reliable access to abundant, affordable food. A healthy Farm Credit System is essential to a healthy America.

Thank you so much, Mr. Chairman. I yield back.

Mr. BISHOP. Thank you, Mr. Fortenberry.

Mr. Smith, without objection, your entire written testimony will be included in the record, and I will now recognize you for a brief summary statement, and then we will proceed with questions from the members of the committee.

Mr. Smith, welcome, and welcome also to your counterpart. We are delighted to have you with us once again. I now recognize Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman, members of the subcommittee. I am Glen Smith, board chairman and CEO of the Farm Credit Administration. And with me virtually is my fellow board member, Jeffery Hall, who is chairman of the Farm Credit System Insurance Corporation.

We will be reporting to you today on the rural and farm economies, the condition and performance of the Farm Credit System and the effects of the COVID-19 pandemic, and I have a written statement to submit to the committee.

FCA regulates the Farm Credit System, which provides approximately 45 percent of the Nation's agricultural credit needs. FCA also regulates Farmer Mac, which was created in 1988 to provide a secondary market and liquidity to rural banks, insurance companies, and rural cooperatives.

Now if we look back a year ago, we found ourselves facing a challenge, the pandemic. In my previous testimony before this committee in February, I warned to beware of black swan events. Little did I know we would be immersed in one of those events within months.

From the time I became chairman in 2019, this board has strongly encouraged the System to be conservative in holding strong capital and adequate liquidity for unexpected events. This proved to be important during the early stages of the pandemic.

And we are happy to report that the System institutions continued to meet the needs of agriculture and rural America. The Sys-



tem reported solid financial results for 2020, including strong loan growth, higher earnings, and generally sound loan quality.

But I do believe FCA must remain fully engaged, alert, and ready to act. Credit stress is likely to continue in certain agricultural sectors in geographical areas. Effective changes in interest rates, trade, financial markets and general economic conditions are areas of concern.

Fortunately, as I said before, the farm economy is in better shape today than it was a year ago, thanks to robust U.S. exports and strong crop prices since last fall and continuing low interest rates.

And right now I would like to thank and acknowledge this committee and Congress for helping to sustain farmers this past year, particularly challenges earlier on in the year. Farm program payments and additional support from USDA helped those who encountered serious market disruptions.

The farmers are now gearing up for spring planting season with a degree of optimism they haven't felt for years. Back in Iowa, my son will be planting our 39th crop of corn and soybeans. As a life-long farmer, I truly know how quickly those markets can reverse.

When the national emergency was declared almost a year ago, our first concern here at FCA was to keep our employees safe while continuing to fulfill our public mission. Thanks to earlier investment in communication technology and the talent of our IT staff, we were able to do just that.

We also relied heavily on data analytics with our newly formed Data Analytics and Economic Office to make fact-based decisions impacted by COVID. And one of the first actions in response to the pandemic was to issue a message to the institutions we regulate, urging them to work with borrowers affected by the pandemic and notify them that we can provide some temporary regulatory relief.

Since then, we have issued numerous guidance documents, including guidance on providing PPP loans to System borrowers. And I am very proud of how our agency did respond quickly. We will continue to focus on our mission and our critical projects, including improving credit availability for young, beginning, and small farmers.

So, in conclusion, I believe that FCA fulfilled its role in 2020 and the System performed well. The markets and investors continue to have confidence in System debt obligations, which ultimately benefit System borrowers by providing access to competitive financing.

As a farmer, I am an optimist. I always try to find a silver lining and learn from past challenges. One thing COVID-19 demonstrated to the American people and to us all is that agriculture and the food supply must not be taken for granted. It must be protected.

FCA will do its part in helping ensure safe and sound credit for agriculture and rural America.

Thank you. And now Jeff and I will be happy to answer your questions.

[The statements of Mr. Smith and Mr. Hall follow:]

For release only by the  
House Committee  
on Appropriations

**Testimony of the Honorable Glen R. Smith  
Chairman and Chief Executive Officer  
Farm Credit Administration  
Before the Subcommittee on Agriculture,  
Rural Development, Food and Drug Administration,  
and Related Agencies  
U.S. House of Representatives Committee on Appropriations  
March 24, 2021**

Chairman Bishop, Ranking Member Fortenberry, and Members of the Subcommittee, I am Glen R. Smith, board chairman and CEO of the Farm Credit Administration (FCA or agency). On behalf of my board colleague, Jeffery S. Hall of Kentucky, and all the dedicated men and women of the agency, I am pleased to provide this testimony. Mr. Hall also serves as chairman of the board of directors of the Farm Credit System Insurance Corporation.

In my testimony today, I will discuss the agency's responsibilities, the current state of the farm and rural economy, and the condition of the Farm Credit System (FCS or System) and the Federal Agricultural Mortgage Corporation (Farmer Mac).<sup>1</sup> I will discuss the effects that the COVID-19 pandemic has had on the rural and farm economy. I will also discuss the response by FCA, the System, and Farmer Mac to the challenges of the pandemic.

**FCA's responsibilities**

FCA is the independent agency responsible for examining and regulating the banks, associations, and related entities of the Farm Credit System, a government-sponsored enterprise created by Congress in 1916 to provide American agriculture with a dependable source of credit. The System's banks and associations form a nationwide network of cooperatively organized lending institutions that are owned and controlled by their borrowers, serving all 50 states and Puerto Rico. The System is currently made up of 4 banks, 67 associations, 5 service corporations, and the Federal Farm Credit Banks Funding Corporation. FCA is also responsible for the oversight of Farmer Mac, which was established in 1988 under Title VIII of the Farm Credit Act.

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<sup>1</sup> Although Farmer Mac is an FCS institution under the Farm Credit Act, we discuss Farmer Mac separately from the other institutions of the FCS. Therefore, in this testimony, unless Farmer Mac is explicitly mentioned, the Farm Credit System refers only to the banks and associations of the System.

As directed by Congress, FCA's mission is to ensure that System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America. We accomplish this mission in two ways.

First, we protect safety and soundness by examining and supervising all FCS institutions and Farmer Mac, and we ensure that they comply with applicable laws and regulations. If an institution violates a law or regulation or operates in an unsafe or unsound manner, we use our supervisory and enforcement authorities to take appropriate corrective action. Second, we develop policies and regulations that govern how System institutions and Farmer Mac conduct their business and interact with customers. We also approve the corporate charter changes of System institutions, the issuance of System debt, and other financial and operational matters.

#### **Condition of the farm economy**

Over the past year, U.S. farmers and ranchers have once again demonstrated their resourcefulness. Agricultural producers repeatedly braced themselves and their operations as the coronavirus disrupted many aspects of the farm and rural economy. Price volatility, sudden shifts in demand, processing disruptions, and general uncertainty have contributed to one of the most challenging times for U.S. agriculture. Moreover, before the pandemic, farm prices for many commodities had been relatively low for five years, and financial stress was building for producers.

The hallmarks of U.S. agriculture — creativity, perseverance, and hard work — have served the nation well during the pandemic. Farmers and ranchers quickly adjusted to fast-changing conditions. Processors and manufacturers worked through spot shortages and continue to look for ways to make the food supply chain more resilient.

Fortunately, the farm economy is in better shape today than it was a year ago, thanks to robust U.S. exports and strong crop prices since last fall, particularly for major commodities such as corn and soybeans. Meat trade is also strong. For example, 2020 was the third-highest year on record for U.S. beef exports despite the COVID-19–related disruptions, which drove down exports by 30% in May and June. For fiscal year 2021, USDA expects total U.S. exports to hit a record high, with shipments to China leading the way.

USDA estimates gross farm income will remain unchanged in 2021 because an increase in total farm cash receipts is expected to offset a decline in government payments. With rising farm expenses, net cash farm income in 2021 will decline modestly, but it remains well above levels recorded from 2015 to 2019.

A record level of government support in 2020 has helped stabilize the farm sector. Payments arrived through traditional farm programs, USDA's Coronavirus Food Assistance Program, and the Market Facilitation Program. Some producers also received proceeds under the Paycheck Protection Program. Importantly, a broad swath of agriculture and rural America has benefited from the Coronavirus Food Assistance Program, especially those who encountered serious market disruptions. A concern for the future is that, if agriculture faces another major disruption, current law does not provide for assistance of the magnitude supplied in recent years.

Farm debt continues to grow, with an expected increase of nearly 50% between year-end 2012 and year-end 2021. USDA estimates that by the end of this year inflation-adjusted farm debt will be just \$2 billion shy of the record set in 1980 and 1981. Despite the continued rise in debt, net cash farm income is expected to keep pace this year. A positive indicator for loan repayment is strong farm income relative to debt, coupled with interest rates that are expected to remain low for the immediate future.

Farmers are now gearing up for spring planting season with a degree of optimism they haven't felt for years, according to the Purdue/CME Group Ag Economy Barometer, which measures farmer sentiment. Expectations for the future beyond spring 2021 also remain high but have drifted lower in recent months, reflecting longer-run concerns about policies that could affect U.S. agriculture.

While producers certainly need a well-deserved dose of optimism, as a grain producer, I know how markets can reverse course. Higher prices will motivate more plantings here and abroad, which may add to supplies and cause prices to moderate. As always, weather during the growing season will shape the size of crops. In the meantime, producers have excellent opportunities to manage their risks through federal crop insurance and their own marketing plans. For livestock producers, margins have tightened or turned negative because of the rise in feed costs. Agricultural disaster funds continue to provide financial support to farmers and ranchers as they

strive to overcome the weather-related calamities of the past year, including the severe winter weather that caused hardship for many operations last month.

Speaking of extreme weather events, a growing concern is the effect that climate change may have on agriculture and the rural economy. Fortunately, farmers have a history of adopting conservation practices in their operations that improve water, air, soil, and wildlife habitat and will no doubt continue to be receptive to further innovations. And I'm happy to report that the Farm Credit System and Farmer Mac are already supporting many renewable energy projects, including wind and solar.

#### **Farmland values**

Farmland and ranchland make up more than 80% of the farm sector's total assets, and agricultural land value serves as a key indicator of farm financial health. Farmland values generally increased last fall after an extended period of relative weakness. In the agriculturally rich Chicago Seventh Federal Reserve District, a survey of agricultural bankers showed that agricultural land values rose 6% in 2020 — the largest gain since 2012. Moreover, values for “good” farmland in the district were up 4% in the fourth quarter of 2020 from the third quarter.

Higher cropland values in the Midwest are being driven by a robust upturn in income from higher grain and oilseed prices, large government payments to producers, and historically low rates on loans. Farmer and investor interest in purchasing farmland has risen, while the limited supply of land for sale has declined. Land that is attractive for recreation or housing also increased in value during the year. Farmland prices will likely continue to be strong in 2022 if the current factors driving supply and demand do not change significantly.

#### **The rural economy**

While the COVID-19 pandemic touched every corner of our country, many rural areas were hit particularly hard. COVID-19 outbreaks in the meat processing industry garnered considerable media attention, especially in the early days of the pandemic. By fall, COVID-19 had infiltrated most rural communities. Farm and rural businesses in these communities had to cope with the huge impact on their employees and communities, as well as changes in the markets they serve.

Unlike some suburban and urban areas, rural communities often face inadequate medical infrastructure. Many found themselves less capable to cope with the crisis. Some rural hospitals were already struggling financially before the pandemic. While the national number of cases has receded from its January peak, access to medical care and to vaccines remains a vital concern for many rural communities. Through its investments in rural economic development and infrastructure, including health care facilities, the System is helping those communities make the necessary investments for their future. Today, rural economies are recovering from disruptions caused by the pandemic — with gains in rural manufacturing, a rebound in agriculture and forestry, and rising demand for recreational resources. Yet I remain concerned that some parts of the rural economy may face a rougher road to recovery, especially in areas with high unemployment.

One tool that can benefit all rural communities is high-quality broadband services. Unfortunately, broadband access is limited or unavailable in many rural communities. Even before the pandemic, broadband was critical to the future health and growth of rural communities. Now, with millions of people needing to work, learn, and receive medical care from their homes, broadband has become essential to the survival of these communities. Increasing broadband access will allow communities to retain current residents and attract new ones. This will in turn create opportunities for new businesses in these communities. I'm pleased to report that the System is an important source of credit for communication providers serving rural America. At the end of 2020, the System's portfolio for communication loans grew to \$9.7 billion, up nearly \$2 billion from the end of 2019.

**Farm finances**

Although farm income had deteriorated in recent years and was further weakened by the pandemic, farm finances and credit conditions improved as 2020 progressed. USDA estimates that net cash farm income increased 25% in 2020 to \$136 billion. This income boost greatly improved the ability of farmers to make timely payments or reduce balances on credit lines. However, although working capital increased during the year to \$84 billion, it is far below the 2012 peak of \$165 billion, so this remains a concern.

Another factor that helped improve credit quality in 2020 was the sharp decline in interest rates during the year. Many farmers took advantage of the lower rates to restructure their balance sheets and lock in low interest rates. The average interest rate on outstanding System farm real estate loans fell from 5.03% in 2019 to 4.51% in 2020.

FCA encourages System lenders to work with borrowers to help them navigate difficult financial conditions without jeopardizing the long-term viability of the borrower or the System institution. Lenders have been proactive with borrowers encountering difficulty this past year, encouraging them to adjust their operations before it is too late. Also, most System institutions implemented payment modification and loan deferral programs that are specific to the COVID-19 pandemic.

Some farmers will continue to restructure their balance sheets (to the extent they are able) in 2021 and make changes in their operations. In 2020, use of Chapter 12 farm bankruptcy filings declined to 552 in 2020 from 595 in 2019. Annual filings over the past 10 years have been in a relatively tight range — between 400 and 700.

#### **Condition of the FCS**

The FCS continues to be safe and financially sound. Despite the shock of the pandemic to the U.S. economy and agriculture, the System reported favorable financial results for the year, including strong earnings, increased capital, and acceptable portfolio loan quality. System institutions remain strongly capitalized, with significant risk-bearing capacity to support the credit needs of U.S. agriculture.

The System experienced strong loan growth in 2020 as borrowers took advantage of declining interest rates. Gross loans at year-end 2020 totaled \$315.5 billion, up \$28.5 billion or 9.9% year over year. Real estate mortgage lending, up \$15.4 billion or 11.7%, accounted for most of the loan growth. Overall, real estate mortgage loans represented just under 47% of the System's loan portfolio.

Credit quality remains sound, and the System's portfolio continues to perform well despite the unprecedented challenges in 2020. Nonperforming assets totaled \$1.9 billion, or 0.60% of loans and other property owned as of December 31, 2020. This is down from \$2.3 billion or 0.82% at

year-end 2019. Loan delinquencies (accruing loans that are 30 days or more past due) declined to 0.28% of total accruing loans from 0.32% at year-end 2019.

For 2021, although prospects have improved for the major cash crops, stress is likely to remain elevated for certain agricultural sectors and geographical regions. Uncertain demand prospects and rising feed costs are pressuring margins for livestock producers. High-cost producers and those with significant debt will be the most vulnerable to financial stress.

The System remained well capitalized and continued to build capital in 2020. As of December 31, total System capital was \$65.5 billion, up from \$61.7 billion a year before. Almost 80% of total capital is in the form of retained earnings. The System's overall capital-to-assets ratio was 16.4%, down from 16.9% a year ago.

The System's strong capital position enhances its capacity to support agricultural producers and rural America. The allowance for loan losses at December 31, 2020, was \$1.8 billion or 95% of the System's nonperforming assets. Capital, combined with the allowance for loan losses, represented 21% of total System loans outstanding as of year-end 2020.

Growth in System capital is due in large part to the System's strong earnings. For 2020, the System reported net income of \$6.0 billion, up from \$5.4 billion for the same period a year ago. The net interest margin increased to 2.46% for 2020 from 2.42% for 2019 because of strong loan growth and the ability of System funding banks to take advantage of the decline in the yield curve. Debt called during 2020 totaled \$115 billion, compared with \$54 billion during 2019.

The System continues to maintain reliable access to the debt capital markets. Investor demand remains positive, allowing the System to continue to issue debt at competitive rates. Risk spreads and pricing on System debt securities remain favorable relative to corresponding U.S. Treasuries.

With a balance of \$5.5 billion as of year-end 2020, the Farm Credit Insurance Fund further enhances the financial integrity of the System. Administered by the Farm Credit System Insurance Corporation, this fund protects investors in Systemwide consolidated debt obligations. System banks also maintain liquidity reserves to ensure they can withstand market disruptions. As of December 31, 2020, the System's liquidity position equaled 171 days, significantly above the 90-day regulatory minimum required for each FCS bank.



**Response of FCA to the pandemic**

When the national emergency was declared almost a year ago, our first concern was how to keep our employees safe while continuing to fulfill our public mission. Thanks in large part to our IT staff and the technologies they have put in place for our use, we were able to do just that. We also relied heavily on real-time data to make decisions about closing offices, opening them on a limited basis, and establishing protocols to keep employees safe when they are in the office.

One of our first actions in response to the pandemic was to send a message to the institutions we regulate, urging them to work with borrowers affected by the pandemic and notifying them that we can provide some temporary regulatory relief to help them manage the challenges of the pandemic. Since then, we have issued numerous guidance documents related to the pandemic, including detailed guidance on providing Paycheck Protection Program loans to System borrowers.

**Young, beginning, and small farmers and ranchers**

Congress requires each System association to have a program to provide credit and related services to young, beginning, and small (YBS) farmers and ranchers. In the late 1990s, FCA established a system to monitor the associations' YBS programs and activities and to receive reports regarding the associations' YBS lending. We include data from these reports in our annual reports to Congress.

On February 21, 2019, we published an advance notice of proposed rulemaking to seek public comment on ways to improve the YBS data collection process. Using the input we received, we are modernizing the System's reporting of YBS data for lending and nonlending activities. Over the past year, we have made significant strides in improving the collection of YBS data. To accomplish this, we are engaged in a transparent long-term process to use existing data assets to reduce regulatory burden, improve efficiency, and promote consistency in YBS data reporting. We are also working to enhance public reporting of YBS activities; these public reports are available on our website.

In addition, we are working with USDA's Farm Service Agency to find ways for agricultural lenders to better use USDA resources for YBS producers. In October, we helped USDA facilitate

a meeting of stakeholders to determine how to improve service to beginning farmers and ranchers.

#### **Condition of Farmer Mac**

Congress established Farmer Mac in 1988 to create a secondary market for agricultural real estate and single-family rural housing mortgage loans. Farmer Mac has authority to purchase agricultural real estate mortgages and rural home loans, USDA-guaranteed farm and rural development loans, and rural utility cooperative loans. It is also authorized to create and guarantee securities and other secondary market products that are backed by such loans.

By providing a ready source of liquidity for primary lenders, Farmer Mac increases the availability of reasonably priced credit to agriculture and rural America. It provides wholesale portfolio funding, credit guarantees, and other products for its network of lenders, including agricultural banks, insurance companies, Farm Credit System institutions, nonbank lenders, and rural utility cooperative lenders. Since its inception, Farmer Mac has helped fund farmers, ranchers, rural electric cooperatives, and agribusinesses in all 50 states and has provided more than \$58 billion of investment in rural America.

Even with its workforce working remotely for the past 12 months, Farmer Mac has continued to fulfill its mission, and its condition is safe and sound. As of December 31, 2020, Farmer Mac's outstanding program volume reached \$21.9 billion. Net income available to common stockholders for the 12 months ended December 31, was \$89.2 million, up 0.9% from the same period in 2019. Farmer Mac's core capital totaled \$1.0 billion as of December 31, which exceeded its statutory minimum requirement of \$674.5 million by \$352.5 million.

Despite recent stress in the agriculture sector, Farmer Mac's credit quality remains sound. No delinquencies exist in Farmer Mac's Institutional Credit, USDA Guarantees, and Rural Utilities lines of business, which represent 61% of its program volume. In fact, rural utilities have seen reasonably stable demand throughout the pandemic — despite some brief demand disruption.

The Farm & Ranch portfolio represents the remaining 39% of outstanding volume. As of December 31, 2020, substandard loans were 3.4% of the total Farm & Ranch portfolio, down 0.6 percentage points from a year earlier, and loans more than 90 days delinquent decreased to

0.54% of the total Farm & Ranch portfolio from 0.78% as of December 31, 2019. Farmer Mac worked with loan servicers to facilitate COVID-19–related payment deferment requests from borrowers. It executed 472 payment deferments on \$432 million of outstanding principal on Farm & Ranch loans and loans underlying USDA securities.

### **Cybersecurity**

Cybersecurity is a key focus for us at FCA. We protect our systems and data in a variety of ways: filtering out known malicious websites and emails, monitoring our network for unexpected activity, encrypting our data and sensitive communications, and communicating with other agencies and our regulated entities to ensure we're using best practices. We're also looking for ways to constantly strengthen cybersecurity. This past year we emphasized staff awareness by increasing cybersecurity training. As the recent SolarWinds hack demonstrated, cybersecurity is an area that no organization can afford to ignore. Fortunately, our agency was not affected by the incident because we were not using the version of the software with the vulnerability that enabled the hack. We often wait to install the latest version of software programs to ensure that any technical issues are worked out.

Cybersecurity is also one of the many aspects we consider when examining the institutions we regulate. Although, at the time of the incident, three institutions were using the version of SolarWinds with the vulnerability, none appeared to have been attacked, and all have since switched to a safe version of the software.

### **Conclusion**

We at FCA remain vigilant in our efforts to ensure that the Farm Credit System and Farmer Mac remain financially sound and focused on serving agriculture and rural America. We will continue our commitment to excellence, effectiveness, and cost efficiency and will remain focused on our mission of ensuring that System institutions and Farmer Mac are safe, sound, and dependable sources of credit for agriculture and rural America.

This concludes my statement. On behalf of my colleagues and the staff at the agency, I thank you for the opportunity to share this information.

Mr. BISHOP. Thank you, Mr. Smith. I appreciate your testimony very much. And we will now proceed with questions.

As I mentioned earlier, we will begin with the chair and ranking member, then alternating majority and minority with members present at the time the hearing started in order of seniority. After that, I will recognize members not present at the time the hearing was called to order. Each member will have 5 minutes in each round, so please be mindful of your time.

I will now yield to myself for my first round of questions.

Mr. Smith, let me just ask you, as we have already noted, COVID-19 exacerbated the challenges facing the farmers. And despite these challenges, overall, farmers had a profitable year, largely due to Federal aid.

According to ERS, direct government payments accounted for 38 percent of the net income for farmers in 2020 and, of course, obviously, that level of assistance cannot be sustained forever.

What are the major economic trends that you are watching or looking for in 2021 that you feel will impact the farm economy, and are there any warning signs that you are looking for?

Mr. SMITH. I think from the start, Mr. Chairman, the Market Facilitation payments and CFAP payments was meant to be temporary, to get our farmers and ranchers through the difficult times presented by both trade challenges and then later the pandemic. And that resulted in getting farmers, as I said before, before the first half of 2020 in getting by.

The groundwork for improved trade was laid, put in place about a year ago, and we are now reaping the benefits of many of those trade agreements, and our exports are up exponentially, a tremendous increase. For instance, the price of corn futures today a year ago was \$3. Right now, we are hovering around \$5.50. The price of soybeans a year ago was around 8 and a quarter. Today, it is about \$4 higher than that, \$6 higher than that.

So we have seen some tremendous changes where the market has stepped in and replaced those government payments, which from the start was only intended to be temporary.

Mr. BISHOP. Thank you. Let me ask you some questions about the payment modification and loan deferrals that we had last year—this year, I should say.

You mentioned that most System institutions have the payment modification and loan deferrals that was specific to the pandemic. Can you characterize those actions, in terms of how many were granted and what length of the deferral, what length of time the deferral was for? Should borrowers be worried about an unexpected or an abrupt end to their deferrals?

Mr. SMITH. Mr. Chairman, when we initially announced that we would offer, or it was suggested to System institutions to offer forbearance and offer terms to get our farmers and ranchers through these difficult times, the loan deferrals was one mechanism that was offered.

Quite frankly, we thought we would see a lot higher participation in that. The numbers, actually, come back at this point only 4 percent of our total loans—this was \$315.5 billion last year—only 4 percent went to loan deferrals.

Most of those were a year in duration, so we are just now finding out what difficulties there might be in continuing to service those loans.

But with the markets continuing at the pace they are at right now, with interest rates continuing low, we have every reason to believe that most of those deferral rates will continue as successful loans.

Mr. BISHOP. Good. Tell me, you just created the Office of Data Analytics and Economics. The idea was to move to a more objective, data-driven approach to policymaking. Can you please speak to the progress and early accomplishments of the office.

Mr. SMITH. Well, thank you. And that stems from the 2018 legislation, based on Federal agencies making evidence-based decisions. Early on, I guess about midsummer in 2019, we named a chief data officer. We created a data advisory board and also a data user group.

And that office within our agency has become critical in making decisions, ranging from Young, Beginning and Small Farmer Programs, and improving the accuracy of reporting on those programs, to monitoring the closings and monitoring the pandemic in the areas of the country, in all areas of the country that we operate.

So it has had wide-reaching benefits throughout the agency. We had a pretty active group prior to creating that office. I guess it was more or less legitimizing it. But by creating a separate Office of Data Analytics, we realized the importance of relying on data for making good fact-based decisions.

Mr. BISHOP. Thank you, Mr. Smith. My time has expired. I will come back to that in a later round.

We will now go to Mr. Fortenberry for his first round of questions.

Mr. Fortenberry, you are recognized.

Mr. FORTENBERRY. Thank you again, Mr. Chairman. Again, I appreciate the testimony today.

Let me ask my initial first question simply: Is the agricultural sector too dependent upon China?

Mr. SMITH. Any time you are dependent on a single country like we are with China, we are at risk. And I go back to the late seventies, when we relied on the Soviet Union for some huge grain exports, wheat exports primarily, and that was abruptly ended because of global tensions.

The short answer to your question is yes, we are at risk.

Mr. FORTENBERRY. So you used the word "black swan event" last year. Could you foresee this as a possible black swan event again? In other words, what would be the size of disruption in a scenario if there was some type of political fallout or economic disruption in this type of trade with China?

Mr. SMITH. Well, I mentioned corn price a year ago was \$3 a bushel and is hovering around \$5.50 today. And a lot of that in the corn market, because transportation came to almost a virtual halt due to the pandemic, it affected ethanol plants accordingly. And we have had some pretty impressive exports of corn to China just in the last week.

But probably the soybean markets would be most profoundly affected. And, as I said, a year ago, 8 and a quarter on beans versus

today about \$6 higher, a pretty dramatic change. And we are at a vulnerable time right now, because South America is about 60 percent finished with their harvest, and we are starting to see that pipeline shift to South America.

So we are very vulnerable when it comes to exports to China, and if that should be interrupted with some type of geopolitical tensions, a return to the bottom of that market is not out of question.

Mr. FORTENBERRY. Let me try to get a few other questions in. Thank you for that, I appreciate it.

I mentioned in my testimony the average age of the farmer is 58. We talked about beginning farmers last year quite extensively. What progress, what achievements have you made over the past year to help young and beginning farmers?

Mr. SMITH. Well, since I came on the board, and Jeff Hall and I have been very adamant about advancing the young, beginning, and small farmers within the Farm Credit System. We feel that, as the regulatory agency, we can promote and encourage institutions to go just beyond the reporting, but to see the program expand.

I have done that, we have done that in three different ways, three different phases. The first phase was to get the data right, and I alluded earlier, talked about our data analytics group. We are on our second year of getting the data back on just who exactly falls into those young, beginning, and small farmer tranches, so we know where our baseline is. You have to start somewhere, and getting accurate data is part of that.

The second phase is sharing of best practices, and you recall a year ago we talked about coming out to Nebraska, University of Nebraska Extension Service to their young and beginning farmers, of doing a conference with them.

The pandemic put a big hold on that best practice sharing phase of our YBS program, our YBS initiative. The last session I was involved in was down in North Carolina. Farm Credit of the Carolinas had an excellent program, and I was part presenter on that program or keynote speaker to young, beginning, and small farmers. And they treat their farmers, young, beginning farmers very well down there. But that is an example of what we expected to do throughout the year.

But there is one thing I am very proud of, and that was we reached out to USDA and, together with them and commercial and community bankers, we did organize a virtual conference last September to talk about how financial institutions like FCA and commercial banks could better collaborate with FSA on the guaranteed loan program.

The first 2 years on the board, I think I had been in about 20 different States. I saw a number of YBS operations. And there is one thing I noticed was that every one of them had a pretty close relationship with FSA, and I was interested in seeing that continue and leverage that further. It was a very successful conference. We are looking at—

Mr. FORTENBERRY. If I could interrupt you. I am sorry, my time is expired, so I better yield back to the chairman.

We might want to come back to that question, because, obviously, we have socialized this both in law as well as in these hearings, and we need a trajectory, understanding the dynamic of the pandemic this year.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you.

Mr. BISHOP. Thank you, Mr. Fortenberry and Mr. Smith.

We have been joined by the chair of the Appropriations Committee, Ms. DeLauro. I now recognize her for any remarks or for questions, at her pleasure.

The CHAIR. I want to thank you, Mr. Chairman and Ranking Member. If I can, I would just like to ask a couple of questions and I appreciate the time.

This is one that has to do with climate change, because the climate scientists are saying that the length of the summer weather could increase to half of the calendar year by the end of the century if we don't take measures to combat global climate change. You know, hot summers are good, but may be devastating to America's farmers and ranchers.

And then the Fourth National Climate Assessment—this is searching of Federal agencies—found out, with the current climate trajectory, agricultural productivity throughout the Midwest is likely to fall to the levels not seen since the 1980s.

The first question is, what is your assessment on the threats posed to American agriculture by accelerated climate change, and to what extent are Farm Credit banks incorporating climate risks into managing your loan portfolios?

Mr. SMITH. Well, thank you for that question. I can tell you that, as a lifelong farmer and for many farmers out there, our concern for the environment, concern for the climate didn't just start here in the past year.

I truly believe farmers are the original stewards of the land, and I believe they have an important role to play in the climate change conversation, particularly in the area of carbon sequestration. I believe that it does need to be voluntary. I believe that there needs to be incentives there, but I do believe that agriculture has a large role to play. I am—

The CHAIR. How is this going to translate into risk, managing your loan portfolio, though? Because I don't want to run out of time for this important question. To what extent are the banks incorporating these risks?

Mr. SMITH. Well, I can tell you, Congresswoman, there isn't a year go by that we don't have some type of weather-related calamity in some area of the country. And I am not a scientist. I can't, you know, tie that back to any changes except that I know that weather events put stress on the System.

And our salvation there is that we are very diversified around the country, and in most cases we would be able to withstand that.

The CHAIR. But this is something that you would be thinking about dealing with, given the scale of the new reports in this area? Just whether or not you are going to take a look into this area in terms of—and I understand the diversification, which is great, but I think understanding these new reports should have some impact on how you look at managing your loan portfolio. So—

Mr. SMITH. Yes. Oh, I absolutely agree that it does have an impact on our portfolio. And the other thing we need to look at—and we have had some preliminary conversations—we are very cognizant of the reputation we have with our investors in our bonds and our securities that finance the American farmer and rancher.

And, you know, as a general rule, the investment community likes things that are climate-friendly. And so we are at the early stages of talking about that and what type of incentives, but I do think ag credit has a role, as agriculture should have a major role.

The CHAIR. Thank you. And my last question is, this is related to infrastructure, which is not your purview and, you know, coming forward with an infrastructure program, but infrastructure as it relates to American agriculture, from your perspective, how critical is upgrading our Nation's infrastructure to America's farmers and rural economies?

Mr. SMITH. Rural areas are starved for capital, and whatever we can do to encourage investment in rural America and whatever the Farm Credit System can do to support rural America, this board definitely supports FCA supports. And we are actively involved in investment in rural America.

CoBank, who has Title III lending to rural cooperatives, in telecommunications has a \$9.7 billion presence. They also have a big presence in renewable fuels and renewable energy.

So, through our similar entity lending, through our Title III lending to our cooperatives, to our rural cooperatives, we do have a vital role that we can play to rural America.

The CHAIR. Thank you, Mr. Chairman. My time is expired. And my hope is that what we do with regard to the infrastructure package will bring relief with regard to transportation to farmers, to ranchers, et cetera, about getting products to a market.

So thank you, Mr. Chairman, I appreciate your time and my questions for the record. Thank you.

Mr. BISHOP. Thank you very much Ms. DeLauro.

At this time, I would be delighted to recognize Mr. Moolenaar from Michigan. Mr. Moolenaar, you are now recognized.

Mr. MOOLENAAR. Thank you, Mr. Chairman. And I appreciate the testimony today of this hearing.

And I just wanted to thank—the Farm Credit System has really been a great resource for agriculture in rural America over this past year, especially with respect to the reliable delivery of the Paycheck Protection Program.

I know everybody was on the front lines, and I just can't thank the Farm Credit folks enough for the work they did to help eligible businesses and the marketplace as they were facing unprecedented shifts in demand, disruptions, and just the general uncertainty.

And every American is grateful to the agricultural workers, from farmers and field laborers to truck drivers and food manufacturers, who worked so hard to bring food to market, and, as you noted in your testimony, the processors and manufacturers who worked through spot shortages and continued to make the food supply chain more resilient.

I wondered if you could comment and elaborate on the role the Farm Credit System has in making the food supply chain more resilient. And also, as food systems evolve in the marketplace, do you



believe existing regulations may be an impediment to the Farm Credit System serving the food and fiber marketplace?

Mr. SMITH. Thank you for the recognition for our role in agriculture and particularly the PPP program, which probably a far majority of our institutions did participate in.

I think part of the role that the Farm Credit System can play in the whole food processing chain is being able to lend to ag business and to be able to lend to rural co-ops. Many of those processes are cooperatives. And, of course, the Farm Credit System in itself is a cooperative.

And the ability to lend to those links in that supply chain I think is a great help to facilitate the security of that food supply chain. You know, the irony, you know, back at the beginning months of the pandemic, I was here in D.C., and you would look at the meat shelves at the grocery store were empty. And yet, I had friends that feed hogs and cattle back in Iowa that had animals that was 10, 15 percent over their usual processing weight and couldn't get the cattle to market because of the shutdown of the plants.

So certainly, from the standpoint of our role I think is to be able to have financing available to ag businesses in that supply chain, to make sure we have the adequate capacity to get it to the points of delivery, like those grocery store shelves that I saw in D.C.

Mr. MOOLENAAR. Thank you. I also noted in your testimony that one of the tools you mentioned that could benefit all of our rural communities is high-quality broadband services. And I couldn't agree more.

And I was pleased to see that the System is an important source of credit for communication providers serving rural America. And you mentioned the \$9.7 billion, an increase of \$2 billion from the end of 2019.

I also just wanted to bring to your attention as well as to our committee members' attention—and Chairman Bishop has been a strong leader on this—there is some recent legislation, the BOOST Act, H.R. 1362, which is an approach that would offer a tax credit for individuals who could get a signal booster or a mobile hotspot. It is something that would kind of open access to people where fiber is still being laid and isn't quite there yet.

And it is something that I am excited to be part of, and I think it is very complementary to the work that you are doing to expand access to rural broadband. So I want to thank you for that. And any further comments you have on that I would welcome.

Mr. SMITH. Okay. Yeah. One thing that I guess we are interested in, some areas, isolated rural areas, broadband is difficult to justify economically, due to the high cost of distribution relative to the very sparse population.

So any work that can be done with USDA guaranteed loans or grants would greatly facilitate our ability to service that area.

Mr. MOOLENAAR. Great. Thank you very much. And, Mr. Chairman, I yield back.

Mr. BISHOP. Thank you, Mr. Moolenaar.

At this time, I am delighted to yield to the gentlelady from Illinois. Ms. Lauren Underwood, you are recognized.

Ms. UNDERWOOD. Well, thank you, Mr. Chairman, and thank you to our witnesses.

In my district in northern Illinois, there are many communities that exist at the intersection of rural and suburban. And this can present challenges for farmers, but also great opportunities to participate in and strengthen our local food system. And while the coronavirus pandemic has strained many of these systems, as we rebuild our communities we have an opportunity to make investments in our local food system that will both improve the health of our communities and support small businesses, particularly our young, beginning, and small farmers.

There are farmers and community leaders in my district actively working in this space who could benefit from hearing more from FCA's perspective on this issue.

Mr. Smith, in your testimony last year, you noted that an important feature of good young, beginning, and small farmer programs was a high level of coordination between Farm Credit System institutions and local FSA officers. Can you give us a preview of your recommended best practices regarding coordination between FCS branches and FSA to support young, beginning, and small farmers?

Mr. SMITH. Well, it seems like, in the coordination of FSA loan officers and commercial banks, community banks, as well as Farm Credit, we need to be able to leverage the resources of those FSA loan officers, often, inundated in a given county with requests and applications.

And to be able to streamline that process would help greatly. And that is something that we talked about last September at our conference with USDA is how to streamline that guaranteed loan process.

You mentioned small farmers, and you mentioned farm to market enterprises, for instance. And I would like to—a best practice, a specific best practice that is done in Farm Credit East, is called FarmStart program. And at our board meeting in March, we just expanded, doubled the funding for that program.

But they are able to offer funds and a revolving fund to—they are able to relax the standards and credit writing standards that they may even have for ordinarily YBS borrowers. Go to the extra mile, extra counselling for the young and beginning farmers, and take a risk.

And we have challenged the institutions, if you are going to take a risk in investment, why not take a risk in your younger generations, in that young generation of YBS farmers? So that would be a specific example.

Ms. UNDERWOOD. Thank you. And I appreciate that. I also think that it needs to include coordination with local officials and community groups. Can you tell us more about that type of coordination and why it is so important to the FCS' mission to serve young, beginning, and small farmers?

Mr. SMITH. Oh, I think there is a lot of YBS programs out there. In fact, the 2018 farm bill created a nationwide network among USDA, State directors and national director, and I think they work closely with State. For instance, Congressman Fortenberry mentioned the young and beginning program in Nebraska through the Extension Service through the university of Nebraska.

Absolutely. Community and State resources can be coordinated. And in the travels that I have done, the institutions that do a suc-

cessful job of outreach to those young, beginning, and small farmers look at a whole plethora of sources for outreach to young farmers.

So certainly, it needs to be a concerted effort there.

Ms. UNDERWOOD. Yes and thank you. And in your written testimony, you stated that the farm economy is in better shape today than it was a year ago, particularly for corn and soybeans.

However, we know that this has been a time of significant volatility in the farm economy for the past few years, caused, in part, by extreme weather, trade disruptions, and the pandemic. And, like most Americans, Illinois farmers are facing high healthcare costs and.

In our final moment, I know that you are a Midwestern corn and soybean farmer. I represent a lot of corn and soybean farmers in my district, and I am interested in your perspective on the current market outlook for these products. And so could you share any upcoming challenges or opportunities that farmers in my district should be watching for?

Mr. SMITH. Well, as I said, we have had a good outlook the last 6, 7 months, but that is following about 6 to 7 years of pretty mediocre outlook. So to say that we are in good times would be definitely an overstatement right now.

Ms. UNDERWOOD. But we are going to be all right? We are going to make it, working together, right, to deliver? I don't want to just leave it there.

Mr. SMITH. Just leave it at that.

Ms. UNDERWOOD. Thank you so much for your testimony.

And, Mr. Chairman, I yield back.

Mr. BISHOP. Thank you, Ms. Underwood.

At this time, I would like to yield to the gentleman from California, Mr. Valadao.

Mr. VALADAO. Thank you, Chairman. First off, thank you for hosting this hearing. This is an important topic that we are having today.

One comment here. I hear from a lot of young and local farmers about an issue, that they have been trying to establish their farms. And I know Congresswoman Underwood and I think Fortenberry before I came on also brought this up. But the YBS program is important for young farmers who are trying to get started. And obviously, they don't have the money to purchase the land they are interested in or the ability to set up an office for all the tedious and burdensome administrative work required of them.

And FCA's 2019 annual report notes that you are working with the USDA Farm Service Agency to find specific ways for agricultural lenders to better leverage USDA resources to YBS producers.

This interests me, because it is crucial that we set future generation farmers up for success so that they may continue these important traditions and keep the industry going. We shouldn't be deterring these young people from wanting to pursue having their own farms because of too much bureaucratic red tape and lack of access to resources.

Would you please expand upon what progress has been made since your meeting with USDA on this subject last fall?

Mr. SMITH. Our meeting was in September, and at that time it was virtual. And our intention was to resume annual meetings around the country. And our hopes were getting high in October to do that and, unfortunately, that didn't work out, right?

But I can tell you right now we are in conversations. In fact, I met with staff here last week, and we are planning a major YBS event here within, hopefully, by the end of the year—first of next, and as well as outreach to institutions around the country.

But virtual environment is we are getting by, but it is not 100 percent effective, especially when you are trying to advance or introduce a new program.

So I think we probably did the best we can, but am I happy or satisfied with where we are at? No, I am not. And we have got some catchup to do on it.

Mr. VALADAO. So the issue that we struggle with here is in agriculture in general, consolidation is what happens across the board. Farmers continue to expand and grow, and smaller farms have a tougher and tougher time getting in.

And some of the things I have heard from some of the local farmers—I even talked to three of them this morning before this hearing, to ask them how the process was. And they said they were just too small for the bank's time, and this was within Farm Credit System.

And the regulations, the red tape, the amount of paperwork that was required, they said, look, we could barely afford to start farming, much less hire a full-time office personnel to be able to handle the paperwork required. It was just too much to ask of them. And luckily, they had a relative that was able to cosign for them, and they went and did business with another type of bank.

But, I mean, that is not what this program is for. It is not for us to just walk past and look for other opportunities. Our goal is to try to help young farmers get into the business and have the opportunity to be part of a business they obviously love and want to be a part of. So, hopefully, we can continue this dialogue.

The second line of questioning, talking to a few Farm Credit West folks, a question I got from them: With the growth in assets over the past year placing pressure on System institutions' capital ratios, how much more can System entities do without breaching your expected faith capital levels?

Mr. SMITH. Well, right now, I believe our capital asset ratio is 16.4 percent, which is well above our minimums.

For a little history, I would invite my fellow board member, Jeff Hall, to maybe comment on that, because he has been on the board for 6 years and he may be able to comment a little bit further on the trend. Jeff.

Mr. HALL. Thank you, Mr. Chairman. Capital is an issue that we have dealt with pretty often. And as chairman of the Insurance Corporation, it is vital that the System maintain adequate levels of capital to make sure that, you know, we are prepared for situations like we have just gone through.

Most System institutions are well above the minimum required capital levels. And their boards can set their own capital levels and determine how much they want to lend.

So I would say it has not been a problem, and we would want to make sure that we are adequately capitalized to make sure the System is safe and sound.

Mr. VALADAO. So just to follow up on that, so does the System have access to all the capital held at the various entities that make up the System?

Mr. HALL. Well, I think what the reference is is there is a capital level held at the bank and also at the association level. And we feel that is important going forward that there is adequate capital at both levels, at the bank and at the association.

Mr. VALADAO. Do you feel like you have access to all the capital that is held or not?

Mr. HALL. We do, and we think it is necessary, yes.

Mr. VALADAO. All right. Perfect. Thank you. And I yield back.

Mr. BISHOP. Thank you, Mr. Valadao.

At this time, I am delighted to recognize the chairlady of the appropriations subcommittee of defense, the gentlelady from Minnesota, Ms. McCollum.

Ms. MCCOLLUM. Thank you, Mr. Chair.

Over the past year, COVID has impacted all of our communities, urban, rural, suburban, but today we are going to focus on what is happening in our rural communities.

This pandemic has exposed many long outlying challenges and inequities that our rural communities face. One of those inequities is the lack of access to rural Americans to good healthcare. Families have been forced to drive for hours to doctors appointments, which is unacceptable.

I know firsthand, hearing from families and family members that live in rural areas, of seniors needing to go for dialysis in severe weather conditions in the Northern Plain States and in the Midwest, literally driving hours one way and back. And that was without fighting the global pandemic. Now we have that on top of it.

In my State of Minnesota, we have come up with different ways since Statehood in 1858 of neighbors helping neighbors. And one of the things that we are very proud of in Minnesota is our public-private partnerships.

And I am going to give an example here. Compeer Financial Farm Credit has sharing with local banks, credit unions, and the USDA in a public-private partnership to help finance critical-access hospitals and senior living facilities. These partnerships were happening prior to the pandemic.

Given COVID's lasting impacts—and it will have lasting impacts all across the State of Minnesota, but it is going to have a different kind of lasting impact, especially in the rural parts of my State.

I think we need to see more of these innovative partnerships that can not only strengthen the rural healthcare systems, but also help with long overdue infrastructure needs, like childcare, elder care, fire stations, libraries, food pantries and other essential community facilities.

So currently, the FCTA's board of directors must provide specific individual approval for each community facility investment made by institutions like the one I just mentioned, Compeer Financial. It is expensive, it is lengthy, and it has the potential to slow down a process.

With the post-pandemic recovery needed to happen as soon as possible for rural communities across our country, what can you do to enhance and expand the Farm Credit System's ability to increase these partnerships?

So I heard you talk about, you know, loans to farmers and other things, but I also want to know what is going on with these types of partnerships and investments in rural America, where we have public and private coming together, sometimes with nonprofits helping as well.

Mr. SMITH. Well, I couldn't agree with you more, Congresswoman, about the need for good healthcare facilities in rural areas. In fact, my wife worked almost her entire life in healthcare at her local hospital. And early on, as young, beginning, small farmers, that allowed us to pay our phone bill, okay? So it hits home, the importance of hospitals and not to lose our local hospitals and healthcare facilities.

In your State I have visited some facilities that Farm Credit, the Farm Credit institution has partnered with not only USDA but also local banks in buying bonds in our mission-related investment authority in hospitals. I visited a hospital in the State of Minnesota.

I visited healthcare facilities and senior living facilities, all of which we have granted limited shelf approval to try to expedite the process with that particular institution, but there are other enterprises within the System that we approve on a case-by-case basis.

So certainly we are doing it. We are looking at expanding on it. And I share your concern for the need for healthcare facilities.

Ms. MCCOLLUM. Is there anything congressionally that we have put in that maybe the chair needs to look at with the authorizing committee to see how we tweak or fix something if something is a hindrance to making this move during the pandemic, especially with some of the help that towns and townships in our rural communities are going to have with the COVID package, where this might be a great opportunity for them to partner with others to do something?

Is there something that we need to do? And you can get back to the chair with that, but we would certainly take a look at it. We want transparency, we want oversight, but we also want effectiveness.

Mr. SMITH. Well, absolutely, because at times we bump up against our authority, and if that could be expanded on by Congress, we would be all for it.

Ms. MCCOLLUM. Thank you, Mr. Chair.

Mr. SMITH. You are very welcome.

Mr. BISHOP. Thank you, Ms. McCollum.

I would normally call on Mr. Newhouse at this time, but I understand he has stepped away, and so I am delighted to recognize Ms. Lee from California, the chair of the Foreign Ops Subcommittee of the Appropriations Committee.

Ms. LEE. Thank you very much.

Mr. BISHOP. Ms. Lee, you are now recognized.

Ms. LEE. Thank you, Mr. Chairman, and thanks to all of our witnesses and individuals who are here today to talk about this.

And I come from, of course, an urban area—I got on late, so I apologize if these questions are redundant, but there is such a connection through the Farm Credit—excuse me. FarmStart is so effective in terms of making sure that we are building relationships between farmers and urban equitable food systems.

And I am just wondering, in places, for example, in California—and I will hone in on my district in Oakland—is FCA tracking our young, beginning, small, and socially disadvantaged farmers and ranchers from, for instance, the central valley from Mr. Valadao's district, to urban areas to ensure there is accurate understanding of the lending trends for these groups? Because it is such an effective program and we have such huge needs in urban areas for equitable food systems.

And then, secondly, with regard to the GAO report on credit and outreach to socially disadvantaged farmers and ranchers, I think the rest of it is called agricultural needs and barriers to lending on tribal lands, well, it was determined and reported from this GAO study that socially disadvantaged farmers and ranchers receive a disproportionately small share of farm loans. And so wondering about some of these barriers that have caused this lack of access to resources and how you are beginning to address this based on the GAO recommendations.

Mr. SMITH. I will let my fellow board member answer the question on the Tribal question while I answer the question regarding diversity and reaching out to those socially disadvantaged groups.

The Farm Credit System is in business to lend to all credit-worthy borrowers, large or small, and oftentimes those urban start-up enterprises are small enterprises.

In 2014, FCA put out a directive to System institutions to develop and analyze a plan on the demographics of the area, including socially disadvantaged groups, how engaged they are in lending activities, and come up with a plan for outreach to those groups.

This plan is regularly examined by our FCA examiners, and I believe really our emphasis on young, beginning, and small farmers, again, is kind of in part an answer to reach out to those socially disadvantaged groups as well, as I say, I mentioned FarmStart as an example; but the educational programs, the higher level of counseling, all of which are pertinent.

And, Jeff, I will let you speak to the Tribal group particularly.

Ms. LEE. Well, let me just ask you. Is FarmStart, where are you—what regions of the country are you engaged in? Are you engaged in the western region and in developing these partnerships with, in many respects, urban food deserts?

Mr. SMITH. No, ma'am. I mentioned FarmStart as an example of a program in some eastern seaboard States under Farm Credit East institution; but, no, it is not a universal program throughout the country. But I mention it as I say, in the YBS program, part of it is to share best practices. One institution may be doing something that another institution across the country says, That is a great idea, we should duplicate that. For heaven's sake, we are a cooperative, and cooperatives work together and share good practices and ideas, and I guess that is what we are trying to promulgate.

Ms. LEE. Yeah, good. So let's duplicate it with the western region of mine.

Thank you very much.

Mr. SMITH. Okay.

Ms. LEE. The rest of my question, Mr. Hall.

Mr. HALL. I will address Tribal lands specifically. There is lending going on in tribal lands, mostly for operating loans. There are some limitations when it comes to the ability to lend on property because of holding a clear title. Those things, I think, are going to be addressed by USDA and maybe looking at the possibility of setting up other types of organizations that would avoid that problem.

And I will just in the last 10 seconds address the urban market issue. A lot of times we just focus on lending in those small operations, but the Farm Credit System does a great job in supporting local markets with grants and programs that help support urban markets.

Ms. LEE. Okay. Thank you. Thank you very much.

Thank you, Mr. Chairman.

And we will followup with you.

Mr. BISHOP. Thank you, Ms. Lee. And thank you, Mr. Smith and Mr. Hall.

We have completed our first round of questions, and I am going to begin a second round.

As you indicated earlier, as my other subcommittee members have indicated, there is a lot of talk about the need to tackle the aging infrastructure, and I want to build off the excellent questions that Mr. Moolenaar and Mr. Aderholt asked at last year's hearing on this subject and that Chair DeLauro asked in her questions today.

Under almost any definition, the need in rural America is enormous for infrastructure improvement. With the pandemic, attention has been focused very much on healthcare facilities, the broadband needs in rural America. And you talk about what the FCA and the System have been able to do in these two spaces since last year. Are there any constraints on your ability to help with these kinds of projects?

Mr. SMITH. Well, Chairman, as I mentioned before, we are actively involved in infrastructure projects, primarily telecommunications, rural communications, which includes broadband, also electric energy co-ops, transmission, distribution of electricity, and electric co-ops and waste water facilities would be an example.

But, yes, we do have some limitations in our authority on that. And, again, if Congress in their wisdom felt that we need to expand in other areas, we would.

Mr. BISHOP. Thank you.

Let me shift gears for a moment.

As you know, farmers of color have faced historical discrimination and other barriers in accessing farm credit through commercial banks, USDA direct loan programs, and across the farm Fed System. But the extent of the issue is hard to really discern because regulations generally prohibit lenders from collecting data on the personal characteristics of applicants' loans.

Section 1071 of Dodd-Frank requires financial institutions to compile, maintain, and submit to the Consumer Financial Protec-



tion Bureau certain data on applications for credit for women-owned, minority-owned, and small businesses to facilitate enforcement of fair lending laws and to identify business and community development needs and opportunities for these groups.

After significant delay, CFPB is working on a rulemaking to implement section 1071 as considerably size-based and/or activity-based exemptions. Is it your understanding that when section 1071 finally goes into effect that some of this demographic data would be collected for agricultural loans? And can you give us an idea of what types of loans across the Farm Credit System might be affected?

Mr. SMITH. I am vaguely familiar with 1071. I know right now we don't collect data specific to those groups, but if subsequent legislation required us to do so, we would.

Jeff, do you have any comments on that?

Mr. BISHOP. You need to unmute, Mr. Hall.

Mr. HALL. Sorry, thought I did.

I said we are waiting on CFPB's ruling, and then we would have our general counsel take a look at the application for Farm Credit System institutions. So we are definitely open to the idea, sir.

Mr. BISHOP. All right.

Can you just tell me what you see Farm Credit's role is in helping producers adapt to the changing environment and making advances in conservation, sustainability, and other climate-friendly practices? And could you tell us how much the System has in outstanding loans in renewable energy projects, including wind and solar?

Mr. SMITH. Yes. As I commented before, we do have a significant presence, in fact, CoBank, one of our largest lenders, is one of the largest participants in the renewable energy arena with \$4.2 billion committed to this area and about \$3 billion of that committed to wind and solar. About a half of 1 percent of System lending is to ethanol plants.

Back at the onset of the ethanol industry, that market share was considerably higher. A lot of these plants are being paid off or have been paid off; but I think you will see a System's role in updating the efficiency of these plants as we develop new technology and as ethanol production becomes higher.

So certainly continued participation in that arena is important for the climate change conversations that are going on today.

Mr. BISHOP. Thank you, Mr. Smith.

My time has just about expired, so I am delighted to yield for a second round to my colleague, my partner, Mr. Fortenberry.

Mr. FORTENBERRY. Thank you again, Mr. Chairman.

Ms. Underwood had a smile when she ended her testimony when she said, "Is everything going to be all right?" There was a Congressman from northeast Nebraska in the thirties in the midst of the Depression, right before World War II, who used to go on the radio every week, and he would start out by saying, "I am here to tell you everything is going to be all right."

Is that right, Chairman Smith?

Mr. SMITH. Well, sure.

Mr. FORTENBERRY. Fair answer.

I want to ask about a couple of things. You heard a lot of today's hearing focused on young and beginning and small farmers. So I think it would be a good idea, all things considered with the pandemic this year and the disruptions that occurred, to lay down specific plans, the trajectory for next year that would pick up on, again, socializing this conceptually, informing the broader community as to what credit and grant possibilities are available, similarly to what you were planning in terms of the workshop in D.C.

Secondly, let's do it in the middle of the country. Let's do it right here. You are my neighbor. Come across the river. We will get you a visa and you are welcome.

So, again, I am going to be presumptuous and extend the courtesy of an invitation from the University of Nebraska, but we have the entrepreneurial center here who works aggressively with young farmers and small businesses, small ag businesses doing incredible things. So I would like to try to—let's be real specific and start planning that because I do think, as you heard the sentiment of the committee, digging deeper into this and moving quicker as to how we expand the ag family, consistent with the law and the additional funding we have provided in the law year after year for about the last decade or so, I think is very, very important. So if we could do that, that would be great.

Secondly, let me turn to the broadband question. Again, in the pandemic we have seen this digital leap. Now, you have made approximately \$10 billion of loans, a 25 percent increase in just this year, for rural broadband; but let's talk about what that means.

Is that just based upon the soundness of the loan, obviously, the financial flow back from that capital investment, or do you consider other impacts, the broader social impacts, which, obviously, justify the public expenditure here, of the aggressive pursuit of broadband in rural communities?

And I talked about those earlier; advancements in telehealth, distance education, telework, precision agriculture, e-commerce, and small business.

Mr. SMITH. Well, Congressman, our mission is safety and soundness. And, obviously, it has got to be financially feasible for us to consider a loan, and that is why I suggested any collaboration with USDA in the way of guarantees or grants would help consideration of those loans; but we can't be making loans that aren't financially feasible due to our mission. That would jeopardize our ability to serve the American farmers for the typical needs that Farm Credit does as far as operating funds for your operation and farmer or State loans.

So I hope I am answering your question, can we invest in something that is risky due to the social underpinnings and social direction? Probably not, but we are going to need some reassurance and help from other agencies to do so.

Mr. FORTENBERRY. Yeah well, we have got a lot of public expenditures going in this direction anyway, about \$2 billion worth. And it was a bit surprising to the chairman and I in our last hearing, we asked the Inspector General, "What are the metrics for success of that public expenditure?" and she didn't know. So that is one area of public policy that we can improve on.

But, again, because you are an indirect support by a public benefit, these are important metrics. And, of course, you are correct, your first consideration obviously is financial viability of the market, the loan.

But there are broader social impact metrics here that actually I think would be completely consistent with long-term financial viability, given the fact that we have reached a tipping point in the aggressive, pervasive use of broadband now for these broader purposes is here. I mean, this represents a big market opportunity.

So I recognize what you are saying, but recognize what I am saying as well, that these are essential metrics that I think are, frankly, going to be good for business, and we are spending lots of public money already in this space.

Mr. SMITH. Yes. No, I couldn't agree more, Congressman.

Mr. FORTENBERRY. All right. Thank you, Mr. Chairman. I yield back.

Mr. SMITH. Thank you.

Mr. BISHOP. Thank you, Mr. Fortenberry.

At this time I am delighted to yield a second round to Mrs. McCollum.

Ms. MCCOLLUM. Thank you.

I wanted to address the climate change issue that Ms. DeLauro brought up earlier. From the reading that I have done and some of the outlooks, if we don't get our climate under control pretty quick with the heat levels rising, we will see agriculture facing some real dire consequences.

So I understood your answer to Ms. DeLauro that you look at a case-by-case, year-by-year of what you think the weather forecast is going to be, but insurance companies are doing the same thing and raising rates. So what are you going to do to help farmers either work with the USDA about, you know, shifting crops over to things that need less water, rot-resistant, different types of irrigation that they might want to put in that is more effective or more efficient? What are you doing?

Because we are seeing this with the timber in northern Minnesota. We have our farms too. But, you know, if you look at the climate signs, they are pretty clear about what is going to happen to farming all across the world, including here in the United States.

So what are you doing to not only prepare yourself for that but to help farmers prepare for that so that we don't lose our agriculture base, which is so important in Minnesota and other parts of the United States? We not only feed ourselves, but we feed the world.

Mr. SMITH. Well, I think we—number one, I think—as a farmer and speaking for farmers as a group, I think we are doing a lot of stewardship, conservation practices that are beneficial to the environment and offer a possible solution to climate change.

Historically, farmers have been involved in conservation issues due to water quality; but the carbon sequestration—and Secretary Vilsack has been talking about this on a very regular basis. Carbon sequestration we believe scientifically will prove as a way that farmers can mitigate climate change, but they have to be incentivized to be able to do it.

So the incentives, what we can do as lenders, we are at the very early stages. The whole discussion is at the early stages, and I don't know quite what our role is, Congresswoman, except that I know that I have been discussing it within staff. We will continue the discussion to see what our role is. But as far as any directive from Farm Credit Administration or financial incentives, I think probably you are looking to USDA for that.

Ms. MCCOLLUM. Well, Mr. Chair, thank you for that because I know it is a difficult question to answer, but it can't just all fall on the farmers. The decisions that we make to incentivize or disincentivize different kinds of energy use, building codes, things that we do in Congress all the time, can have the effect of choosing winners or losers with climate change and not doing it intentionally, not understanding what is going on. And I really think that we need to have the agriculture sector at the table talking about what this will mean to them, their businesses, their economies, their livelihoods, their communities, and this needs to be a whole-of-government approach. I am working on it in the Defense Committee right now.

And so this doesn't need to—I am not—I don't want to state that it should fall on your shoulders. I know Land O'Lakes is having these discussions. General Mills is having these discussions. And it is not just about what we do in the ag sector. It needs to be what we do whole of government.

So I appreciate your answer, and it doesn't surprise me that you are thinking about what farmers can do because they are good stewards of the land.

Thank you.

Mr. HALL. Ms. McCollum, could I add a point to that?

Ms. MCCOLLUM. That is up to the chair.

Mr. BISHOP. Go right ahead, Mr. Hall.

Mr. HALL. Thank you, Mr. Chairman.

I think it ties back to the conversation we have been having. It is technology, infrastructure. Improved technology and the ability to increase broadband is going to give us not only answers but solutions to climate change issues.

So I think those two are very well tied closely together.

Thank you, Mr. Chairman.

Ms. MCCOLLUM. Thank you, Mr. Chairman, and I am going to excuse myself.

Mr. BISHOP. Thank you Ms. McCollum. And thank you Mr. Hall.

At this time I am delighted to recognize Mr. Newhouse.

Mr. NEWHOUSE. Thank you, Mr. Chairman. I appreciate your flexibility. I had to jump off for a quick meeting and came right back.

Mr. Smith, thank you for joining us. As a fellow farmer, I am appreciative of seeing you in your position. You understand the challenges in ag country, and that gives me a lot of confidence moving forward. So thank you for all the work you are doing. And welcome to you, Mr. Hall, as well.

I don't have to tell you, but just want to mention, you know, that certainly last year we had a lot of ups and downs in agriculture, certainly growers in the State of Washington, as throughout the country, experienced. We saw bottlenecks with our food supply

chains that truly created kind of a domino effect through the supply chains causing real uncertainty throughout the growing season and impacting the 2020 harvest.

Fortunately, Congress, as well as the administration through Secretary Perdue, created the CFAP Program, the Farmers to Families, I think it was called, Food Box Program and many other things to help those who truly needed help and also to allow our growers to continue producing that high quality food and fiber that we all depend on.

Growers in the State of Washington faced one of the really most uncertain growing and marketing seasons, certainly more than any in my lifetime that I can remember.

One concern, though, through 2020 was the availability of capital, obviously. Around this time most growers had completed their operating budgets. They got, you know, paperwork submitted to their lenders and all that stuff, and then with new protocols in place, many growers found some adjustments were needed to protect their workforce, particularly, especially crop growers that had to figure out how to cover PPE, handwashing, retrofitting for processing, all of those kinds of things.

And then on top of that, additional things had to be done for H-2A housing, if you needed larger crews and how do you fit—you just had to have additional places to put people, especially if somebody got sick.

And I truly hope that is not what we have to face this year, but with that possibility, a potential for surges with the pandemic, flexibilities and loan adjustments will be very helpful for people.

I just wanted to know if FCA is remaining cognizant of some of these dynamics with COVID and will you have flexibilities built in as we hopefully move towards emerging from the pandemic?

And then, I just wanted to underscore as well, broadband has been mentioned by several members, and I appreciate the focus on that. I just wanted to chime in there as well. That is a huge, huge part of bringing the rural communities up to par with our urban cousins. And I appreciate your thoughts, but if you have anything else that you would like to add to some of the things that you have planned on, I, obviously, would be interested in that as well.

So with those two questions, I would let you respond. And thank you very much for being here.

Mr. SMITH. Yes. Well, thank you, Congressman, and I have visited your fine State, and the one thing that I was very impressed on is the diversification, huge diversification. I said I came from corn, soybean, hog, and cattle country and didn't know a lot about vineyards or almonds or apples or all of the enterprises that is represented in your State. And I mentioned in my opening comment, and meant it, is that we do have to be vigilant to areas of need throughout the country.

Some of those niche smaller enterprises that don't get the attention that maybe the areas like dairy and corn and soybeans is still a vital part of agriculture, and certainly in your State we need to be cognizant all of those measures that we take for producers and growers under stress, encourage our local institutions and encourage our local associations to work with those borrowers under stress.

And I know your State is very reliant on exports, particularly to the Asian market and——

Mr. NEWHOUSE. Right. Yes.

Mr. SMITH [continuing]. So that could be very vulnerable right now. We happened to visit a couple of vineyards in Washington. I was amazed at the amount of vineyards in the State of Washington, but I know that industry right now is impacted by a large supply, some inability to move product overseas and some climate issues as well.

So, absolutely, we have to be cognizant of those local, regional problems; but, again, I will come back, that is the strength of the Farm Credit System, is we are able to average that with everything that is going on around the country. While one region might be doing well, another region of the country may not be doing as well.

So that is something—although we are a single industry entity, and that single industry being agriculture, the tremendous geographic and enterprise diversification adds to our strength. And certainly there is no more diversification than in the State of Washington.

Mr. NEWHOUSE. I appreciate that. Most everything we raise is considered a minor crop and doesn't fall under the category of the corn and soybeans. So I thank you for recognizing that.

And let me just say too—I know my time is up, Mr. Chairman, but I wanted to underscore what you said. It is something very similar to what I have been saying for years is that farmers truly are the original stewards of the land. We depend on clean water, our land quality, the air as well, for our livelihoods. And so I always say we are the original conservationists, but stewards is a good name as well. It means the same thing.

So thank you for that, and I appreciate your hard work, and thank you for being with us today.

And, Mr. Bishop, with that, I yield back. Thank you very much.

Mr. BISHOP. Thank you, Mr. Newhouse.

Mr. Valadao, you are recognized for a second round.

Mr. VALADAO. Thank you, Mr. Chair.

Sorry, I was logging out of my other one, my other committee right now.

Mr. Smith, I understand commodities and trade are among some of the economic conditions that affect the Farm Credit System. As you are likely aware, there is an alarming issue going on in the international trade space. Shipping carriers are traveling back to Southeast Asia from the United States with completely empty shipping containers, leaving our agriculture exports behind, abandoning standing agreements with our producers.

How do dangerous situations like this impact the Farm Credit System and what kind of ripple effect could this have on the agriculture industry and economy?

Mr. SMITH. Well, if our producers can't get our products to market, obviously, it is a huge detriment to that borrower and to that particular region. I confess, I haven't read too much and have not heard too much of the magnitude of that problem.

Board Member Hall, does that ring a bell with you at all?

Mr. VALADAO. The real purpose of me asking the question isn't specific to get an answer from you because I understand that probably is not exactly where your strengths should be.

But you had mentioned in some of your comments earlier and even during some of the earlier questions that corn prices were up \$5.50 a bushel and just previously had been at \$3 a bushel. There is many of the members on this committee where that sounds like a great thing; but, obviously, that is a huge impact on the cost of some of the guys in my district. And some of the areas where we have to make up that difference is export markets and other types of markets and making sure that the bank is in a position to help in these types of situations, at least to understand why farmers are struggling at a certain time.

I would appreciate if the System would take these things into account as the industry moves forward and understanding the impacts of one on the other. I mean, agriculture all has to work together.

I am, obviously, very close to the dairy industry. We use a ton of byproducts from other industries around me. My district grows somewhere in the neighborhood of 3 to 400 different types of commodities. And even just spending some time yesterday with a farmer on the west side of the valley here, I was describing a crop that I had driven by and I didn't know what it was and he didn't know what it was, and it is a pretty amazing situation where we grow that many different types.

But understanding we are in a position where we have got to be good advocates for our farmers and making sure that the banking industry, especially the Federal Farm Credit System, is there during these tough times. And I expect there to be some tough times this upcoming year. I think that issue that has gone on with the ports leaving is going to create a backlog that is going to have a long-term impact on our markets and also the prices of some of the commodities going up in certain parts are going to have a detrimental impact on others.

It wasn't really a question, more of a statement, but hope that you take those things into account as we move forward and as these markets play out.

Mr. SMITH. Well, that is a very good point, Congressman, that one area that might be doing well, for instance, corn prices is not necessarily good for the livestock feeding industry, for cattle producers, or dairy, and right now margins are narrowing in those industries around the country. So, yeah, not everybody is cheering.

Mr. VALADAO. Yeah. Well, we want our neighbors and our fellow ag folks to do well. We just want to make sure we can survive to continue to be part of the community as well.

Mr. SMITH. Yes, very much so.

Mr. VALADAO. Thank you. Mr. Chair, I yield back.

Mr. BISHOP. Thank you, Mr. Valadao.

I have exhausted all of my questions.

I would like to ask if any member has another round. Mr. Newhouse, I know you had to step off, and if you would like to have a second round, I will yield to you. If not, I will prepare to close out.

Mr. NEWHOUSE. Thank you, Mr. Chairman, but I have no further questions.

Mr. BISHOP. Very well. I am glad you were able to rejoin us.

Mr. Smith and Mr. Hall, thank you both for being here today. 2020 was a very unprecedented year for our farming community, and many challenges will continue to linger. I appreciate your testimony and your assessment of the year ahead, and I look forward to working with you to meet these challenges, particularly the ones discussed today.

Along with what we have discussed, we also will forward to you some additional questions for the record, and we would appreciate your diligence in getting your responses to us as quickly as you can.

Mr. Fortenberry, would you like to make any closing remarks?

Mr. FORTENBERRY. No, Mr. Chairman. I am finished; just to thank Chairman Smith and Chairman Hall for their testimony today, and I think we have got a start to a good plan next year, particularly for young farmers and ranchers and small farmers as well.

So thank you for holding the hearing, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Fortenberry. And thank you to all of the members in attendance. Thank you again to Mr. Smith and to Mr. Hall and to our staff who worked so hard to put this hearing together and helped it to run what I think was very smoothly.

With that, the subcommittee is now adjourned.

[Material submitted for inclusion in the record follows:]



CHAIR SANFORD D. BISHOP, JR.

WEDNESDAY, MARCH 24, 2021

HOUSE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE HEARING WITH FARM CREDIT  
ADMINISTRATION ON THE RURAL ECONOMY

Young, Beginning, Small (YBS) Farmers

I want to take time to drill down on assistance to small farmers. I am concerned that a majority of financial and technical assistance goes to larger, more established farmers at the expense of the little guy. Quite frankly, they're often forgotten. FCA classifies small farmers as those with gross annual sales of less than \$250,000.

- To close the loop on something we discussed last year, can you tell us the status of the request for comments on how to collect and evaluate data on how the system institutions are doing with respect to young, beginning, and small farmers?

The Comment Period for the Advance Notice of Proposed Rulemaking for Young, Beginning, and Small Farmers and Ranchers closed on May 22, 2019. Using the input we received, we are modernizing the System's reporting of YBS data for lending and nonlending activities. We are engaged in a collaborative and transparent process with System institutions to leverage existing data assets, reduce regulatory burden, improve efficiency, and promote consistency in YBS data reporting. In early 2020, we modernized the process to collect the System's non-lending activities for YBS, whereas the associations quantify the number of YBS reached and dollars spent.

- Can you talk about FCA's outreach to small farmers – specifically, those that may be well below \$250,000 in sales – and how they fare in terms of loans from the System?

Each FCS bank is required by section 4.19 of the Farm Credit Act of 1971, as amended, and section 614.4165 of the FCA regulations to direct each association board to have a program for furnishing sound and constructive credit and related services to borrowers in each of the three YBS categories. Direct-lending institutions must have a program that serves YBS farmers and ranchers, however, programs vary based on the institution's agricultural marketplace and demographics of its loan service area. FCA encourages institutions to have sound and innovative YBS programs with effective marketing and outreach to eligible YBS farmers and ranchers.

Each institution is required to report to FCA yearly on operations and achievements under its YBS program and to disclose YBS data in its own annual report. FCA, in turn, is required to report to Congress about the System's service to YBS borrowers. Using data that System institutions provide us in their annual reports, as well as information our employees glean during

institution examinations, we compile an annual YBS report, which we include in the agency's annual report on the Farm Credit System.

At year-end-2019, the total number of outstanding System loans was approximately 914,386 amounting to \$280 billion. At the same time, the total of outstanding System loans to small farmers was approximately 459,894 or 50.3% with an average small farm loan of \$112,785.

- And finally, how have these small producers fared in the wake of COVID-19?

During COVID-19, small producers faced significant market volatility and operational challenges, particularly those with low equity and working capital. Markets have recovered, with demand rebounding for agricultural products, but competition from larger farms with lower production costs remains strong. For example, some dairy farmers dumped milk when food service demand dried up, a disruption that is better handled by larger operations than by small ones. Income subsequently rebounded but now high feed costs are pressuring returns. A positive development for small agricultural producers in the wake of the pandemic has been enhanced opportunities for direct marketing of agricultural products to consumers following their renewed interest in local production.

#### Data and Reporting on Socially Disadvantaged Farmers

FCA has made it a priority to collect and evaluate data on whether system institutions are adequately serving YBS farmers. Do you anticipate a similar effort regarding data collection on socially disadvantaged farmers – especially considering that Section 1071 of Dodd Frank will likely enable institutions to collect racial demographic data on loan applications going forward? I note that FCA has been recognized for your efforts on diversity and inclusion in your workplace, and I encourage you to continue those efforts and expand that focus out into your customer base and those served Farm Credit institutions.

Section 1071 requires financial institutions to collect data about loan applicants that are women-owned, minority-owned, or small businesses. Farm Credit System institutions are included within the definition of “financial institution,” and the data collection requirement applies to all business loans, which includes agricultural loans. The Consumer Financial Protection Bureau Board (CFPB) is required to adopt regulations implementing section 1071. FCA and the Farm Credit System, like all agencies and lenders, are waiting for the CFPB to issue implementing regulations. Once the CFPB’s regulations are implemented, FCA will ensure System institutions understand their requirements, will examine System institutions for compliance with these requirements, and will take action to enforce compliance if warranted. The CFPB has authority

to include exemptions in their regulations, and we do not know whether the CFPB may be considering any sized-based, activity-based, or other exemptions.

#### Farm Credit's Role in Supporting Climate-Smart Agriculture

Extreme weather is one of the many challenges facing today's producers. Unlike other issues, it can be hard to predict. But I hope the last few years have shown everyone that no state or geographical region is immune from devastating natural disasters. It only takes one event to ruin an entire farming season.

What do you see as Farm Credit's role in helping producers adapt to the changing environment and make advances in conservation, sustainability, and other climate-friendly practices?

America's farmers and ranchers are the first and best stewards of the land. Agriculture has always been a weather dependent industry. It's the role of the FCA to ensure the FCS is there to provide affordable credit to eligible borrowers in good times and in bad and weather has certainly produced its fair share of bad times.

As a major lender to the U.S. farm sector, the Farm Credit System plays a critical role in financing farm operations. The System has significant lending capacity available to provide financing to farmers for advancements in conservation, sustainability and other climate friendly practices.

Over the years, farmers have adopted a variety of conservation practices. No-till and strip-till practices have continued gaining ground over several decades with use of cover crops growing in recent years. Farmers and farmland owners also participate in USDA's Conservation Reserve Program to help conserve resources and store carbon in the soil. Several USDA programs help farmers incorporate production practices that improve water, air, soil, and wildlife habitat.

Through its Title III lending authorities, the System also specifically lends to the renewable fuel sector and funds agricultural projects that reduce methane emissions by using manure methane digesters on livestock and dairy farms. In addition, the System funds renewable energy projects (e.g., wind and solar).

#### Paycheck Protection Program

You mention that FCA has issued detailed guidance on providing Paycheck Protection Program loans to System borrowers.

Can you briefly discuss the scope of the participation of System institutions in the Paycheck Protection Program and can you tell us how many borrowers were served?

The Farm Credit System (FCS) actively participated in the Paycheck Protection Program (PPP). The Small Business Administration had approved 57 System institutions as PPP lenders. As of March 31, 2021, these institutions had \$1.6 billion in PPP loans outstanding to approximately 39,000 customers. In addition, the volume of System loans that have received forgiveness from the SBA since the start of the program was \$500 million. FCS borrowers who received PPP loans included production agricultural producers, cooperatives, processing and marketing and farm-related businesses, and communication borrowers. Some of these borrowers were young, beginning, and/or small. The PPP had a very positive impact on FCS borrowers in stressed agricultural industries.

WEDNESDAY, APRIL 14, 2021.

**THE U.S. DEPARTMENT OF AGRICULTURE—THE YEAR  
AHEAD**

**WITNESSES**

**HON. THOMAS J. VILSACK, SECRETARY, U.S. DEPARTMENT OF AGRICULTURE**

Mr. BISHOP. This hearing is now called to order.

As this hearing is fully virtual, we must address a few house-keeping matters.

For today's meeting, the chair or staff designated by the chair may mute participants' microphones when they are not under recognition for purposes of eliminating inadvertent background noise.

Members are responsible for muting and unmuting themselves. If I notice that you have not unmuted yourself, I will ask you if you would like the staff to unmute you. If you indicate approval by nodding, then the staff will unmute your microphone.

I remind all members and witnesses that the 5-minute clock still applies. If there is a technology issue, we will move to the next member until the issue is resolved and you will retain the balance of your time.

You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn yellow. At 30 seconds remaining, I will gently tap the gavel to remind members that their time is almost expired. When your time has expired, the clock will turn red and I will begin to recognize the next member.

In terms of speaking order, we will follow the order set forth in the House rules, beginning with the chair and ranking member, then alternating between majority and minority members that are present at the time the hearing is called to order. Members will be recognized in order of seniority. And finally, members not present at the time the hearing is called to order will then be recognized.

Finally, the House rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing at any of our hearings or markups. That email address has been provided in advance to your staffs.

Last reminder, please ensure that your video is turned on at this time.

Well, good morning, and welcome to today's hearing. This morning we are honored to have Secretary Tom Vilsack to discuss his vision for USDA during his second tour at the Department.

Thank you for answering President Biden's call to return to service after having been the longest-serving member of President Obama's Cabinet.

You are the first Cabinet Secretary to testify before the House Appropriations Committee this year, and we really appreciate your taking time to be with us today, even while you are still settling in and working on your long to-do list. We look forward to hearing your thoughts on key priorities over the year ahead.

Let me also take this opportunity to say thank you for moving quickly to resume assistance payments to farmers and to implement the American Rescue Plan. Swift actions are desperately needed to lift rural America out of the pandemic, especially our small farms and food insecure populations.

The pandemic and climate change present new major challenges, while obstacles related to access to nutritious food, a stable farm economy, racial justice, and developing communities in rural America still persist.

Addressing these issues while continuing to effectively deliver the services of the Department is certainly going to require a lot of hard work and our best efforts, and we pledge to work with you collaboratively.

While we only have the bare outlines of the fiscal 2022 budget, we will talk about it. In addition, I am particularly interested in understanding how the American Rescue Plan will feed into ongoing and future efforts at the Department.

I look forward to working with you to build upon the investments that were made in the Rescue Act related to rural healthcare, assisting socially disadvantaged farmers and ranchers, and carrying forward the technical assistance, outreach, research, and education programs to benefit the many groups that your Department serves.

I look forward to working closely with you to advocate for our farmers, our ranchers, and our rural communities.

Let me add, Mr. Secretary, that I want to personally thank you for your early and responsive conversations regarding staffing at the Department with competent and diverse staffers, a team that can carry out the very important mission of USDA.

I look forward to your testimony.

And now let me ask our distinguished ranking member, my partner, Mr. Fortenberry, if he has any opening remarks. And if so—and I presume so—I would like to recognize him at this time.

Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Mr. Chairman. Again, I am so grateful for your leadership, your willingness to host this first hearing with the Secretary of the new administration.

And, Secretary Vilsack, welcome. It is good to see you again. I have a simple question for you. How is the new job? Or, should I say, how is the old job regenerated? Something like that.

I would like to hear your perspective and your vision and, frankly, that is what I want to talk to you about today, just a couple of big ideas, the primary one being what I call the farm of the future.

As I see it, it is the wedding of high tech and high touch, connecting the rural to the urban, the farmer to the family, the farm to the table. It is about a recreation of food culture and the use of technology to advance precision agriculture, to increase yields and revenue to the farmer, as well as advancing environmental science and security as we feed ourselves and feed the world.

Mr. Secretary, as you know, America has such extraordinary natural resources if we understand the value of stewardship of our land and also the history of technology transfer from our university systems that has created the space of American greatness through agriculture. We are so successful that we often forget.

And last year, I should point this out, Secretary Vilsack, Secretary Perdue did visit my district, and I would like to extend the same invitation to you as soon as it is possible. And what I would like to point out is that we had everyone at the table, from traditional livestock producers, row crop producers, even a pair of twin young men who are part of a fifth-generation farm who have used entrepreneurial skills to buy the local bar on Main Street and started growing crops, hops for specialty Whiskey production and other value add products, an amazing reality TV type of story.

In addition to that, we had a young, first-generation American from Africa who started a niche livestock business, specialty vegetable producers, even one gentleman who has transformed a city block in Lincoln where I live into an urban farm.

The point of all of this is that we have a very large agricultural family and it is an exciting space to consider how we align the Department's expertise with this reality and new vision for agriculture.

Let me discuss, Mr. Secretary, a couple of particular seize-the-moment options.

First, it is rural broadband. And as much as I dream about megabytes and megapixels, I really think we should try to move beyond the term "rural broadband" to what I call an ecosystem of livability. In fact, I have said this term, "ecosystem of livability," so much that Chairman Bishop is even starting to like it, I think. I may have convinced him.

Anyway, the point being, this pandemic has given rise to a digital leap and it is about telehealth and distance learning and telework and precision agriculture and e-commerce for our small businesses in our rural communities. This truly is a transformative moment if we can properly seize it.

And here is the concern. When the inspector general came to visit us recently, I asked her the question: What is the outcome metrics for success in these programs? And she said: I don't know.

That is a place where we have to work together to ensure that the funds that we are expending can actually meet the holistic needs of rural communities.

Second, Mr. Secretary, I want to raise the issue of the Blue Ribbon Commission for Higher Education. You were kind enough to discuss this with me in an earlier phone call, and Chairman Bishop and I have discussed this as well, regarding the possibilities of new emerging consortium between 1862 and 1890 institutions, the modernization of ag research to fit the farm of the future, the values propositions for students as we wed traditional ag sciences, like agronomy and animal husbandry, with new emerging sciences, such as environmental studies, conservation, and international development.

And I would like to request that you press NIFA, now that this is a law, to ensure that this work gets underway quickly. We would appreciate that.

Third big idea, Mr. Secretary, conservation. Our world is screaming for meaning, and I don't believe that any person or any thing should be thrown away. And it is this deeper value of conservation, of being a good steward of the gifts of our natural resources, properly using them for our own well-being, but also regenerating them for our well-being is a 21st century ethos that I believe has deep meaning.

The question becomes then, how can we use our conservation programs for a couple of outcomes: enhanced environmental gains combined with healthy harvesting and enhanced revenue to the farmer to meet the real possibility of sustainability, which is both regenerative and valuable at the same time.

Sustainability is those two things, regeneration and return. And as we all know and celebrate, our farmers and ranchers are the first stewards of the land.

So, Mr. Secretary, I know this is a bit of a more of a light-hearted opening, but I think, frankly, people are fatigued by all of the government infighting. Let's get some good things done together. I look forward to working with you. Thanks so much.

Thank you, Mr. Chairman. I yield back.

Mr. BISHOP. Thank you, Mr. Fortenberry. As usual, you are very eloquent as well as elegant.

Let me take this opportunity to welcome the chairwoman of the full Appropriations Committee who is with us this morning. And I am certain that she would like to have some opening remarks as we greet and welcome Secretary Vilsack.

So at this time, I am pleased to recognize Chair Rosa DeLauro, the gentlelady from Connecticut, chair of the Appropriations Committee.

Ms. DeLauro, you are now recognized.

The CHAIR. Thank you so much, Mr. Chairman. I want to say a thank you to you and to Ranking Member Fortenberry for the opportunity to speak here this morning.

Secretary Vilsack, welcome back to the Appropriations Committee. I look forward to your testimony on the administration's 2022 discretionary budget request and your vision, your vision for the Department in the year ahead. It was a pleasure to work with you during your first term as Secretary, and I admire your deep dedication to American agriculture and rural America.

Please know that the invitation is always open for you to come to visit Connecticut, to see firsthand the State's diversity—our family farm dairies, nursery and greenhouse operations, our specialty crop growers. And farmers in my district and across Connecticut are models of regenerative agriculture and sustainable food production.

And my city of New Haven is one of the few cities in the country with a full-time Food Policy Director dedicated to reforming the food system and promoting urban agriculture.

The COVID-19 pandemic created the largest public health and economic crisis in a generation, and our food system was not spared. Early on, farmers faced severe supply chain disruptions that shut down their markets and threatens their livelihoods.

I appreciated your assistance and the insight that you provided to me and to my staff last summer as we were trying to address



this issue. Some of the problems have been addressed while other challenges remain.

The pandemic has also pulled back the curtain on the food and nutrition crisis that continues to plague our Nation. According to the U.S. Census Bureau's Household Pulse Survey, hunger remains nearly three times higher than the pre-pandemic level. And households with children are more likely to report not getting enough to eat, with as many as 11 million children living in a household facing hunger, according to the Center on Budget and Policy Priorities.

That is unconscionable. I believe that you believe it is unconscionable. And it was Senator Robert Kennedy that said, and I quote: "I believe that, as long as there is plenty, poverty is evil."

The skyrocketing hunger adds to the longstanding inequities of our food system, including issues like food deserts, which restrict access to food, but, importantly, fresh and healthy foods which we are so concerned about, and disproportionately the impact on low-income people and families of color. It is especially concerning because we know that diet-related chronic diseases, like obesity, hypertension, worsen COVID-19 outcomes.

So in the context of building back better, Mr. Secretary, I would say you are going to be very busy. I want to thank you for your swift action in implementing the American Rescue Plan, which extended the 15 percent food stamp increase in the Pandemic-EBT program.

I look forward to collaborating and partnering with you on our shared priorities, which is why I am pleased by the initiatives outlined in the Discretionary Request released last week. The request expands investments in rural economies aimed at increasing quality of life and reducing persistent poverty in rural areas, which I know is an important focus for our subcommittee chairman, Mr. Bishop.

Additionally, the request addresses racial equity in agriculture by increasing funding for the Office of the Assistant Secretary for Civil Rights and establishes an Equity Commission to review the distribution of farm programs. These efforts would build on the \$5 billion in debt relief to Black, Brown, and Native farmers in the American Rescue Plan. I appreciate the commitment to this issue of systemic discrimination.

I am pleased with the increased funding for USDA science and research agencies, which had to endure 4 years of repeated attacks. Agencies like the Economic Research Service, the National Institute of Food and Agriculture were targeted, hollowed out, and moved from Washington, D.C. And your task is to rebuild and refocus these agencies, which have long been trusted for their unbiased research and expertise.

And agricultural research is as important now as it has ever been. I believe that research holds the key to making agriculture a solution to the climate crisis. We ought to advance regenerative agriculture practices that capture carbon by building soil organic matter.

And we should pursue parity and research funding for alternative proteins. The United States can continue to be a global leader on alternative protein science, and these technologies can play

an important role in combating climate change and adding resiliency to our food system.

I also welcome the \$74 million increase to the Food Safety and Inspection Service to bolster small and regional meat processing. FSIS' resources disproportionately go to the big corporate meatpackers.

That is a problem because, according to the Department's own data, while consolidation in meatpacking has increased since 2000, consumer prices for beef, pork, poultry skyrocketed by 82 percent, 44 percent, and 33 percent, respectively.

It is time we rethink current policies that have allowed monopolies to flourish at the expense of farmers and consumers.

And speaking of FSIS, I want to personally let you know how disheartened I am by the agency's actions over the last year. During the pandemic, workers in meat plants have been treated as expendable and exploited. A recent Freedom of Information Act request obtained emails with industry representatives and showed that FSIS leadership, many of whom are still at the agency, spent more time worrying about the public image of the industry over the lives of workers and Federal inspection personnel.

Secretary Vilsack, that agency needs reform.

Speaking of reform, I believe the Department needs to rethink its role in international trade. And whether it is tainted Brazilian beef imported by meatpackers who sell it here with a "Product of USA" label or other food imports from countries with production systems that degrade natural resources, the United States should never pursue trade deals at the expense of American farmers, food safety, and jobs.

And lastly, I look forward to hearing more about your plans—exciting plans—to fight hunger, strengthen nutrition security. These must be our priority, and I agree with your previous statements—we should fund our priorities.

I believe there are areas to act within the discretionary budget, as well as the forthcoming mandatory request, but I also want to underscore the urgency of a comprehensive and coordinated response, especially as Congress considers a future recovery package focused on rebuilding our Nation's physical and social infrastructure.

I thank you very, very much for your being here. I look forward to your testimony.

And I yield back.

Mr. BISHOP. Thank you very much, Ms. DeLauro.

We are also delighted to have our full committee ranking member with us this morning. She has worked collaboratively, cooperatively, offering leadership with the committee, and recognizing, of course, that we will have differences of opinion on policy. But she has led the committee and worked where possible for us to be able to find bipartisan consensus.

So I would like to now yield to the gentlewoman from Texas, Ms. Granger, the ranking member of the full Appropriations Committee.

Ms. GRANGER. Thank you, Mr. Chairman. Thank you for inviting me. And thank you for those kind words and for holding this hear-

ing today so that we can hear Secretary Vilsack's plans for the Department of Agriculture.

The events of the past year have affected virtually every sector of our economy. This is especially true for our farmers and ranchers.

Thanks to the staff at USDA, programs were quickly implemented to help those affected by the pandemic. In addition to providing direct support to our farmers and ranchers, USDA provided temporary assistance to families who had their incomes reduced.

I am especially thankful for the efforts of the Department and our local communities to ensure children were fed when they were not in school. Not only were our schools closed as a result of the pandemic, of course we know, but in-person doctor visits were limited and it was a challenge to conduct normal business transactions. So the urgency to close the digital divide in rural America has never been more clear.

Thirty million Americans, including 35 percent of rural Americans, live in areas without any access to the internet. Many small rural communities across Texas and the entire United States need high-speed internet in order to learn, access patient care, and conduct day-to-day business.

I am proud of the investments we have made in broadband in a bipartisan way, and I look forward to continuing to work with this administration to secure additional resources.

While I support these types of critical investments in our rural and agricultural communities, we need to find ways to reduce spending elsewhere. After providing trillions of dollars to address the pandemic, we are now faced with the stark reality of the highest level of debt our country has ever seen.

I hope we can work together on an appropriations bill to adequately meet the needs of our farmers and ranchers in rural communities and the hungry, while also keeping in mind the impact that record levels of spending will have on generations to come.

I thank you, Mr. Chairman, and I yield back.

Mr. BISHOP. Thank you very much, Ms. Granger.

And at this time Secretary Vilsack. Without objection, your entire written testimony will be included in the record, and I will recognize you now for your statement. And then we will proceed with questions. You may summarize or you may give the entire statement, it is completely up to you. But we are certainly happy to welcome you and look forward to your comments.

Secretary Vilsack, you are now recognized.

Secretary VILSACK. Well, thank you, Mr. Chairman. And to you and to Ranking Member Fortenberry and to Representative DeLauro and Representative Granger, thank you very much for the opportunity to appear before the committee today.

Normally, I would read a statement, but I would ask the indulgence of the chair to allow me to speak a bit from the heart. Normally, I would talk to you all about numbers and the budget. But these are not normal times and this is certainly not a normal budget hearing.

I think it is important to put this discretionary budget in the context of all of the other actions that are currently taking place and have taken place in relationship to the American Rescue Plan,

in relationship to the American Jobs Plan that is pending, the mandatory budget that is forthcoming, and I believe the American Families Plan that is also forthcoming.

It is often said that paradigm shifts start with big ideas, and I think that there are four big ideas encapsulated in all of these budgets and plans. And I would like to explain them briefly to you today and put them in the context of this budget.

The first big idea is the notion that climate change, while it may be an existential threat, it also represents an extraordinary opportunity to bring profitability back to farming and to rural communities, to create jobs, and we need to take full advantage of that opportunity.

You began that process, I think, and will begin that process by focusing as well on the American Jobs Plan that has resources for climate-smart agriculture, bio-based manufacturing, clean energy conversion.

This budget also contains resources consistent with that vision of taking full opportunity of climate—an increase in the climate hubs, opportunities for rural utilities to convert to clean energy, a Civilian Climate Corps, increased research in climate, as well as aspects of this budget that are not the committee's responsibility, but clearly important to all Members of Congress, and that is additional resources to manage our forests properly.

A second big idea incorporated in this budget and the plans that you all have discussed and will discuss is the notion that we are moving beyond the notion of compensating individuals who have individually suffered discrimination. When I was last Secretary, we focused on the settlement of the Pigford cases and other class actions for discrimination.

We are moving beyond that now to look at how we might be able to root out systemic barriers that exist in our programs today that have created a significant gap between those who have had full access to our programs and those who have not.

And this is certainly an opportunity for us to also recognize the cumulative long-term effect and impact of past discrimination and the need for us to close the gap and to recognize that cumulative impact.

You all have done that, in part, through the Rescue Plan with the Debt Relief Act that we are now in the process of implementing at USDA. You have also created opportunities for new market access and land access for socially disadvantaged farmers to help us close the gap.

This budget also reflects a desire to do so for communities that have been dealing with persistent poverty for far too long. We propose the re-establishment of a StrikeForce designed to specifically focus on areas where poverty has been so persistent and so deep, a specialized, very focused effort on trying to eradicate the root causes of poverty in those communities.

It also reflects, as Representative Fortenberry suggested, the important role that minority-serving institutions can play of higher education and better coordination with all institutions of higher learning. That is one of the reasons why you will see increases in resources to the HBCUs and other minority-serving institutions in this budget.

The third big idea is the notion that, as important as productivity is in agriculture, so is profitability and resiliency. We have learned from the pandemic the need for us to have greater resilience in our system.

That is why the Rescue Plan created a supply chain investment, and that is why this budget involves and increases resources to help small processing facilities create more competition, more open markets, more opportunities for farmers to profit.

I know my time is about to expire, Mr. Chair, so let me just briefly comment on the last and fourth big idea—that it is not just about food insecurity in this country, as important as that is, it is also about nutrition insecurity. The fact is we have 18.5 percent of our children who are obese. We have 70 percent of our adults who are overweight or obese. It is causing terrific pressures on our healthcare system.

It is important and necessary for us to jointly and focus not just on food insecurity, but also nutrition insecurity. Your Rescue Plan does that by providing bonus resources for WIC, by increasing the SNAP benefit. This budget also continues that commitment by fully funding WIC, by focusing on summer EBT opportunities, by creating equipment grants, so that schools and others can produce nutritious, quality food for our children.

Mr. Chair, I look forward to the questions of the committee and look forward to working with all of you to carry out these four big ideas that will result in significant paradigm shifts, greater equity, and greater opportunity in rural places.

[The information follows:]

For release only by the  
House Committee  
on Appropriations

**Statement by  
Thomas J. Vilsack  
Secretary of Agriculture  
Before the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies  
Committee on Appropriations, U.S. House of Representatives  
April 14, 2021**

Thank you, Chairman Bishop, Ranking Member Fortenberry, and members of this Subcommittee, for inviting me here today to discuss the Administration's priorities for the Department of Agriculture (USDA) and to provide you an overview of the President's fiscal year (FY) 2022 budget for USDA.

Today, containing the pandemic, ensuring racial justice and equity, responding to a mounting hunger and nutrition insecurity crisis, rebuilding the rural economy, strengthening and building markets for farmers and producers, and addressing the impacts of climate change are our top priorities. Amid these challenges, we are tasked with delivering fundamental services—safe and nutritious food, clean water and last-mile broadband, energy security, sound infrastructure, business services, and tackling the climate crisis. In rural America—which holds a special claim to USDA's mission—we must build back better, stronger, and more resilient and equitably than ever before.

To do all of these things effectively requires staffing, programmatic tools, technology, and a robust budget. Over the past four years, USDA has suffered an outflow of talented and expert staff. Several critical Mission Areas, such as Rural Development and Research, Education and Economics, as well as essential offices were weakened, leaving the Department hamstrung in carrying out its responsibilities as determined, in part, by this Subcommittee.

The President's Budget request for FY2022 is not a list of things we would like to do—it is a plan for what we need to do to get USDA back on track to provide services to the American people.

This funding request invests in the core foundations of our country's strength and will advance key USDA priorities, including economic development and growth in rural America, maintaining support for American agriculture, rebuilding scientific expertise in our agencies, leading in the development of market-based and farmer and forestry focused solutions to climate change, and building a stronger safety net to address hunger and nutrition insecurity.

Through this budget, the Biden-Harris Administration harnesses the resources of USDA to target underserved communities and those who have been marginalized to help them realize their dreams. We will put rural America at the heart of solutions for climate change, renewable energy, and building a fairer, more equitable food system. We will find new and creative ways to collaborate with other federal agencies, social service organizations, community and grassroots organizations, and the private sector to spur community development, start or grow thousands of businesses, and give individuals the financial tools to succeed in rural America. We are committed to building or rebuilding infrastructure in rural America that gives communities better schools, health centers, and public safety facilities; supports a local and regional food system; that embraces renewable energy; that provides broadband connectivity to strengthen education, health care, and public services. Beyond infrastructure, USDA will provide access to capital and financing for rural businesses to create jobs, grow the tax base and cultivate diverse, equitable communities that attract new residents.

Rebuilding scientific expertise within our USDA agencies is foundational to supporting American agriculture, being a part of the rural fabric, and addressing the impacts of climate change. American farmers must be able to leverage new technologies to compete in world markets, all while protecting our soil and water. This budget proposes investments in agricultural research to advance innovation and the application of science-based and data driven agricultural decisions and practices. Increased funding for agricultural research is a key component for restoring the confidence of our employees and morale among our workforce. We must protect scientific integrity, provide outlets to share feedback, and work at rebuilding expertise in our agencies and restoring the confidence of our workforce.

We have fully funded our county offices in this budget request, and we will build on the resources provided in the American Rescue Plan to ensure that USDA does not harbor discrimination in any form. Restoring the expertise and confidence in our workforce is essential to being a better partner to collectively mitigate and adapt to the impacts of a changing climate. Ninety-seven percent of the land in the United States is in rural areas, and most is either privately owned—with adjacencies to federal programming—or federally owned and managed. This is an opportunity to use the Department's expertise in conservation, science, and research—and the passion and commitment of our farmers, ranchers and private forest owners—to put the United States in a leadership position on climate change mitigation. We must put food, agriculture and

forestry at the center of climate smart practices by building new markets—including in renewable energy and biobased manufacturing—and creating new streams of income for producers and landowners. We believe farmers and forest owners are the best stewards of our land, and they require the resources and the technical know-how to implement soil conservation, carbon sequestration, pasture or rangeland management plans, and waste management programs.

While much of our work supports American agriculture, rural economic development, and safe food, the glaring reality is that many families are experiencing food insecurity and do not have access to nutritious options or nutrition education. Our goal is to introduce more eligible families to the resources and services of WIC and keep them in the program so that they continue to benefit. This will improve health for infants, provide more nutritious diets and better health care for children, and higher academic achievement for students. We believe that connecting more eligible women and young children to WIC is one of the tools to reduce stark racial disparities in our country and ensure the country's prosperity in the future.

The President's 2022 discretionary request totals \$29.358 billion, a \$3.76 billion increase from the 2021 enacted level. Highlights of the budget designed to address USDA's and the Nation's contemporary challenges are:

- \$400 million in new funding to give rural electric providers financial flexibility as they accelerate to carbon-pollution free electricity by 2035. The discretionary request also provides funding to support \$6.5 billion in loan authority for rural electric loans. This is an increase of \$1 billion over the 2021 enacted level to support additional clean energy, energy storage, and transmission projects to put people back to work in good-paying union jobs to help meet the ambitious climate progress that science demands.
- \$717 million for Rural Water and Wastewater Grants and Loans, an increase of \$100 million over the 2021 enacted level. That funding includes \$25 million for grants targeted to Colonias, Native Americans, and Alaska Native Villages and \$75 million for grants targeted to rural, poor communities.
- \$700 million, an increase of \$65 million over the 2021 enacted level, for the Rural e-Connectivity Program "Reconnect," which provides grants and loans to deploy broadband to unserved areas.



- \$32 million for a renewed and expanded initiative to leverage USDA’s extensive network of offices to help people in high poverty counties. Referred to as the “Strikeforce” initiative, USDA will coordinate with other Federal agencies on an all-of-government approach to connect rural stakeholders with Federal programs and resources.
- \$4 billion, or nearly \$647 million above the 2021 enacted level, for USDA’s research, education, and outreach programs. These investments in agricultural research will advance innovation and the application of science-based and data driven agricultural decisions and practices.
- \$6.7 billion, more than \$1 billion above the 2021 enacted level, for critical nutrition programs, including the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), to help vulnerable families put healthy food on the table and address racial disparities in maternal and child health outcomes.

The FY 2022 discretionary investments reflect only one element of the President’s broader agenda. Next month, the Administration will release a full Budget that will build on this discretionary funding request and detail a comprehensive vision for the Nation that reinvests in America, supports future growth and prosperity, and meets U.S. commitments. I look forward to working with this Subcommittee when more details about the budget become available. USDA is charged with addressing critical issues within the food supply chain, the impacts of climate change, and the pressures on our public and private lands – each of which will require the requested budget levels to address. I would be happy to answer any questions you may have about our budget proposals.

Mr. BISHOP. Thank you, Mr. Secretary.

We will now proceed with questions. As I mentioned earlier, we will begin with the chair and ranking member, then alternating majority and minority with members present at the time the hearing starts in the order of seniority. After that I will recognize members not present at the time the hearing was called to order.

Each member will have 5 minutes in each round, so please be mindful of your time.

I will begin.

Mr. Secretary, I understand that you are limited in what you can say about the so-called skinny budget that was released last week, but I am going to try anyway. Two questions.

First is the Civilian Climate Corps, which the budget says would create a new pathway to good-paying jobs in rural America. Can you talk about the concept? And is there any possibility that that would be under your jurisdiction, under the jurisdiction of USDA?

And, of course, you mentioned earlier the StrikeForce Initiative, which you created in 2010 and for which you are requesting \$32 million. StrikeForce aims to target assistance to rural areas with chronic poverty. Briefly talk about that and why you so strongly support that.

And the second question I would like to include after you address those briefly is regarding rural healthcare under the American Rescue Plan. It included my proposal to provide \$500 million for healthcare facilities and vaccine distribution.

We wrote it broadly, and while it was developed in the middle of the pandemic, we intended to address also the systemic impacts that are stemming from the pandemic. For example, the bill allows reimbursement for revenue lost during the COVID-19 pandemic, including revenue losses incurred prior to the awarding of the grant.

A recent study found that in 22 States, 25 percent or more of rural hospitals were at immediate risk of closure. The pandemic only intensified the financial crisis at rural hospitals.

Though the bill was only signed about 5 weeks ago, can you share your thoughts on how you see this program unfolding.

Thank you for your answers, Mr. Secretary.

Secretary VILSACK. Mr. Chairman, the Civilian Climate Corps is patterned, I think, after the Civilian Conservation Corps, which we currently have in the Forest Service, where there are over 10,000 members who are basically volunteer and/or retained to provide assistance and help and to expand the opportunities for the Forest Service to do a better job of maintaining and managing our forests.

We certainly at USDA will have a role with reference to the Civilian Climate Corps. I think the fact that we established the Conservation Corps gives us an opportunity to replicate this in terms of climate.

What this is, is really encouraging people to participate in an effort to improve opportunities to sequester carbon, to better maintain and utilize and embrace climate-smart agricultural practices, regenerative practices, focus on urban agriculture, community opportunities as well.

It is very expansive, and I suspect it is going to be an inter-agency, multiagency effort, and USDA will play an important and critical role.

On StrikeForce, it really is designed, Mr. Chair, to understand in those persistently poor areas they simply do not know how to play this game. They don't know how to apply for the financial resources that may be available.

StrikeForce basically creates a team of people that will go into these communities, work with a community-building organization that is trusted, be able to identify the problems that the community has to address, and then be able to work through the system to ensure that they receive benefits.

In the previous administration, in the Obama administration, we invested \$23.8 billion in StrikeForce areas. We want to focus on the 380-some counties where poverty has been persistent for over 30 years, persistent and consistent with Representative Clyburn's ideas.

On your healthcare program, essentially what we are doing is providing resources to each State rural development office for distribution and application, whether it is a small \$25,000 grant that will allow a community health center to stay open or whether it is potentially a million-dollar project that would potentially provide opportunities for telehealth to be expanded into remote rural areas.

We want to provide as much discretion and as much opportunity, to provide as much help and assistance as possible. A portion of those resources will likely be retained in the national office so as States use up their State allocation, we will be in a position to be able to fund those projects that perhaps will move the dial significantly and provide help and assistance. And then our expectation is to get these resources out as quickly as possible.

I have also been calling governors of States to advise them of the existence of this proposal specifically. I talked to your Governor, Governor in Georgia recently. And I will continue to do so, to reach out to governors to make sure they are aware of this program so that they can take full advantage of it as well.

Mr. BISHOP. Thank you, Mr. Secretary.

Although I have 54 seconds left, I will at this time yield to the Ranking Member, Mr. Fortenberry, for his questions.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

And, again, welcome, Mr. Secretary. Nice to see you again.

Let me return to something that I referenced in my opening remarks. Rural broadband is more than wires laid and money spent. It is about the meaning of that process. Are we promoting an ecosystem of livability by enhancing telework and telemedicine, distance learning and precision agricultural, and all the other potential benefits that can come forth through, again, the digital leap that we have undertaken, particularly during the pandemic?

We are spending a lot of money here. It is not clear to me, though, we have the proper metrics in place.

So with that said, in regard to the next round of ReConnect internet grants, how can we do a better job of measuring the success of these high-speed internet investments across rural America—metrics beyond just physical infrastructure and money spent?

Secretary VILSACK. Representative, I think one way is to make sure that the level of broadband assistance and help that is being provided in remote areas is actually adequate to do the job that you envision as part of that ecosystem you talked about.

The reality is, you can have broadband, but if the downloads and upload speeds are not significant or are not sufficient, you can check the box, but you actually haven't improved the quality.

One of the things we are going to be focusing on is making sure that there is a minimum level of uptick and download speeds that will make it significant and create those opportunities for telehealth, for distance learning, for being able to operate your business out of your home. We have learned this during the pandemic, of the importance of this.

Secondly, I think it is important for us to understand there is an emotional involvement here. For those of us who have been isolated during COVID, the ability to have FaceTime and Skype and the ability to see our children and our grandchildren, incredibly important. That is part of that ecosystem you talked about. If you don't have the proper speeds and if you don't have the understanding of how these technologies can be used, you may not fully take advantage of them.

So I think, in addition to installing the wire or having the 5G or whatever it is, you also have to have some opportunities for community colleges or others to basically help train individuals to fully utilize the technology as well. Young people certainly understand it. People my age maybe not so much. But we ought to all be able to use this resource.

Mr. FORTENBERRY. It is also a question of cost, when you have a mother writing to me that she is sitting in the school parking lot trying to access the free WiFi so her child can do the homework that is assigned in a community that is a little bit larger than our traditional definition of rural, but it is rural in character. There is another level of difficulty there, a cost issue.

Secretary VILSACK. I think it requires coordination between USDA and the other agencies that have impact and effect on this. There is a substantial amount of money in the Rescue Plan and an even greater amount of money in the Jobs Plan. Depending upon what you all decide to do, there is going to be significant resources.

And that is important. You have to fund this. There is no question about it. But you also have to make sure that it is used properly and understood the power of it. And I think there is a responsibility that we have to make sure that those resources are well spent.

Mr. FORTENBERRY. Well, let's all keep thinking critically on the question, because, again, I think we are in a transformative moment in this regard. These technologies have existed, but they never existed in such a penetration as we have seen and created the necessity. And if there can be a bright spot emerging from the pandemic, this could be one in terms of enhanced productivity and well-being.

Let me turn to another topic right quick.

Bill Gates, founder of Microsoft, recently said that the world's wealthiest nation, America, need to go to 100 percent synthetic beef because of concerns about climate change.

Well, Mr. Secretary, you know how that would go over where you and I come from. What I call “fake meat” as it impacts the possibility of reducing climate change, which is minuscule in comparison to other problems that we have, would be so disruptive in terms of nutritional value of beef and the proper leveraging and stewardship of our extraordinary advantages of the resources that we have, particularly where we come from.

Do you agree with Bill Gates?

Secretary VILSACK. What I do agree with is the fact that our farmers are, in fact, great stewards, and I think that they are embracing the notion of sustainability. And I think we need to invest in that notion. I think there is an opportunity for farmers to embrace climate-smart agricultural practices, to embrace animal welfare and stewardship, and be able to allow us to message the ability and importance of animal protein production.

I don’t think we necessarily can create a circumstance where we bar certain technologies. I think we need to compete, and I think we can compete with the right resources and the right vision.

I think we have the right vision. I think the vision that climate change creates opportunity, creates new profit centers for farmers can be embraced. And with the right policies and the right incentives, I think we will see wide adoption of climate-smart agriculture, of methane capture and reuse, of bio-based manufacturing.

That is the transformative idea within climate. That is the opportunity to completely change the economy in rural America. And I will tell you, Congressman, I am very, very interested in making sure that my time at USDA is spent advancing that vision.

Mr. FORTENBERRY. Well, I agree with the vision as well. And I think we need to tell the story loudly and clearly, as you are doing and as I am trying to do and the chairman is doing, about the power and greatness of American agriculture.

Thank you so much, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Fortenberry.

At this time, I would like to recognize the full Appropriations Committee chair, Ms. DeLauro, for any questions that she might have.

Ms. DeLauro, you are now recognized.

The CHAIR. Thank you so much, Mr. Chairman.

And, Mr. Secretary, I am impressed by your focus on hunger and nutrition security. And I know we had the opportunity to work to enact the Healthy, Hunger-Free Kids legislation. And a new study this week said that school meals are now the healthiest source of food consumed in the United States. So quite an achievement.

But I wondered if you could share your nutrition security plans. What ways can we work together and build on the previous success? What are the things that you have in mind with regard to the nutrition security?

Secretary VILSACK. Madam Chair, every single child in this country, in a childcare facility, in a school, wherever they might find themselves to be, every single child, I think, has to have the opportunity to have access to nutritious, good, healthy food.

That means additional resources for our child and adult care program. It needs a focus on making sure that we have sufficient resources going into our schools to allow them to expand school

breakfast and to make it nutritious, to allow us to have a school lunch program that is available to all and is nutritiously available to all.

It is an opportunity for us to essentially inform and provide consumers with the kind of information that will allow them as adults to make individual choices that are in the best interest of themselves and their family.

It is a real concerted effort to understand that at the end of the day nutrition is so important.

Let me give you this one example. Your job is going to fund Medicare and Medicaid. \$160 billion of that budget is going to be spent on diabetes treatment—\$160 billion. That is more than my budget, my entire budget.

What if you cut it in half? What if you cut it 75 percent? The reality is, that is diet related. If you have better nutrition, those diabetes numbers go down. As they go down, your resources available for whatever goes up.

So it is cost-effective for us to invest, particularly in our children, because we want them to have great habits as they go through life. We want them to be well-educated. To be well-educated they have to be well fed, and well fed means healthy, nutritious food.

The CHAIR. Thank you. Thank you very much.

Let me move to a different topic. I have been an outspoken critic during the previous administration when what I view as the corrupt Brazilian meatpacker JBS, they received more than \$100 million as part of the Department's so-called trade aid package.

JBS is eligible, has received additional procurement contracts through the USDA's Agricultural Marketing Service. That concerns me because the Batista brothers, who own the parent company, have pled guilty to violating the Foreign Corrupt Practices Act in relation to their illegal entry to and consolidation of the U.S. meatpacking sector.

The question is simple. Why are we using the Federal procurement process at USDA to subsidize a foreign corrupt owned meatpacker? And would you agree that this procurement process could be reformed, better utilized to support local farmers, regional food systems, instead of this corporate monopoly?

And this is even more troubling if the USDA plans to end the Farmers to Families Food Box.

Can you comment, Mr. Secretary?

Secretary VILSACK. Madam Chair, I agree with you. I think we have to take a look at the procurement power of the Federal Government in making sure that we are incenting and awarding proper behavior, if you will, good employers, folks who support the value system that I think is inherent in the U.S. of taking care of people.

I was as concerned as you were about recent issues in our meatpacking facilities in terms of the treatment of workers. That is unacceptable. And clearly we are going to take—we are going to ensure that that doesn't happen again.

I think there is a process, an opportunity for us to look at our procurement programs. I think it is not just our procurement programs; I think it is a lot more. I think it is our regulatory structure and system in terms of the Packers and Stockyards Act to make

sure that that is being appropriately enforced and is strengthened. I think it is about creating additional processing capacity in this country.

I think there are resources that you have provided that will give us some creative opportunities to help that local and regional food system, that value-added food system prosper, to create competition, to create greater resiliency in the food supply system.

So I think there is a number of different avenues in addition to procurement that we need to explore and need to look at within the Department so that we have the strongest, most resilient food supply system, a system that is fair and equitable, that treats people well, and rewards good behavior.

The CHAIR. Thank you very much, Mr. Secretary. I would just say, I hope you can take a look at what has been going on with JBS. I think you have, all of my colleagues on this committee have farmers, regional food systems, that really do need the assistance and the help rather than someone who is in violation of the Foreign Corrupt Practices Act.

But thank you so much. I appreciate your responses. Thank you.

Thank you, Mr. Chairman. I yield back.

Mr. BISHOP. Thank you, Chairwoman DeLauro.

I am now happy to yield for questions to the gentlelady from Texas, our ranking member of the full committee, Ms. Kay Granger.

Ms. GRANGER. Thank you, Mr. Secretary.

Over the past several months we have seen commodity prices rise to near record levels. This is in part due to large purchases from China. When China stopped buying, our farm economy suffered.

In a recent hearing before this subcommittee, Ranking Member Fortenberry asked the CEO of the Farm Credit Administration if our agricultural economy was too dependent on China. The CEO was clear that any time we are dependent on a single country we are at risk.

What can your Department do to help promote U.S. agricultural products so that China cannot put our farmers and ranchers at such risk?

Secretary VILSACK. Representative, I worked for 4 years in the dairy industry as president of the Dairy Export Council, and what I learned from that experience was the necessity of having deeper presence in alternative market opportunities. I think you are absolutely right. You can't be overreliant on a single market because that can cause great disruption.

Southeast Asia is certainly ripe for that opportunity. There is opportunities in the Middle East as well. I think a longer-term strategy has to include Africa because one-half of the increased population in this world over the next 15 years is going to be in that continent. I think there are closer relationships we can develop as well in our own hemisphere.

But deeper presence means three things.

It means people on the ground who are essentially understanding and appreciating the market so that we have market insights so we can tailor our programs and our policies and our products to meet that market demand.

It is about partnerships and the ability for U.S. commodity groups to be partnering with and our university systems to be partnering with universities and innovators in those markets to create new products that can use U.S. ingredients to produce what customers want in those markets.

And it is about promotion. It is about continued promotion, continually telling the American story of agriculture in terms of the safety and stability of our supply and our capacity to be innovative.

I think if you deepen presence in those additional markets you are going to see less reliance on China over time and a more diverse and more balanced and more resilient system.

Ms. GRANGER. Thank you.

A second question. As I mentioned in my opening statement, over a third of rural America lacks adequate broadband. You have a successful program at USDA that has bipartisan support and the subcommittee has provided you with more than \$2 billion over the past 4 years to fund it. Yet you have not released the funding for fiscal years 2020 and 2021.

Can you provide us an update on your plan for our requesting proposals so the internet providers can deliver this critical need in rural America?

Secretary VILSACK. The guidance we were providing to the industry was a bit confusing. We have simplified that guidance, which will allow more communities potentially to access those resources. And I expect and anticipate you are going to see the distribution of those resources in the very near future now that we have, sort of, simplified and clarified the rules under which the program is going to operate.

I will say, as I responded to Representative Fortenberry, we are going to be very sensitive to making sure that as things are expanded, they are expanded in a meaningful way, which means that you have got upload and download speeds that actually make sense in today's world. But I think you are going to see much more progress on that over the course of the next several months.

Ms. GRANGER. I certainly hope so.

I have got a little time left. I have heard from farmers and ranchers in Texas that they have seen a delay in services from the Farm Service Agency because of the Biden's administration's limiting offices to 25 percent worker capacity.

I understand the concern for the safety of your field staff, but have you provided flexibility to increase worker capacity at these county offices, especially during planting season, which is vital? Also, when do you expect to allow these offices to return to full capacity?

Secretary VILSACK. I want to reassure you that we are tracking the activities and workload to make sure that we are on track. And I can assure you that, based on that evaluation, we are basically at the same level of service in terms of sign-ups, et cetera, as we were pre-pandemic, which I think is a testimony to the incredible work of our Farm Service folks.

We have provided flexibility. We received flexibility on the 25 percent rule. So those folks who want to get in and can get in and socially distance in a safe way, we are allowing that to happen.



Those who have concerns about this are still allowed to continue to work at home.

We have a work safety plan. We are going to obviously be guided by that to make sure that when we reopen fully and completely we do so where the workforce feels comfortable and confident that—

Ms. GRANGER. Let's go back to the delay in services from the Farm Service Agency. Are you saying there hasn't been—that hasn't been a problem?

Secretary VILSACK. It has not been. We tracked it. I am happy to provide you the charts to show you the level of sign-ups for the last several years, and we are right on track to where we were pre-pandemic.

Ms. GRANGER. Please do that.

Secretary VILSACK. There may be an individual circumstance, but I will tell you, system-wide, we are doing exactly what we have always done.

Ms. GRANGER. Okay. Send me those and I will appreciate it very much.

Thank you.

Secretary VILSACK. Very well.

Mr. BISHOP. Thank you very much, Ms. Granger.

And, Mr. Secretary, at this time I am pleased to yield to the subcommittee chair of Interior, Ms. Chellie Pingree, the gentlelady from Maine.

You may now be recognized to ask your questions.

Ms. PINGREE. Thank you so much, Mr. Chair. Thank you for holding this hearing.

And, Mr. Secretary, really appreciate your time with us today. And thank you so much for your opening remarks really focusing on the important big ideas that are a critical part of your agenda and this administration's agenda.

And I want to say I really appreciate your deep level of understanding of engaging farmers and the importance of being our partners in climate change, in the opportunities that are there for increased revenues for farmers, as well as the important role that they can play using agriculture as a really important tool to sequester carbon and do so many of the other things we need to do around renewable energy and new products, as well as making sure we finally deal with racial injustice issues and food insecurity and understanding that food insecurity is much more about nutrition and the quality of the food, not just calories.

So I didn't mean to repeat your speech, but I just appreciate so much the direction you are taking us in here.

So I want to go from the big picture down to kind of like the minutia a little bit. I am really interested in the climate hubs. It is an important part of the funding in my bill, the Agriculture Resilience Act. And I know you are talking about increasing that funding by 40 million next year. I think they are a little-understood part of what has already been set up at the USDA, how the Forest Service plays a role in this.

But just the benefit that that could be if we really enhanced their capacity and increased their funding. Can you just talk a little bit about that and how you see them being used?

Secretary VILSACK. It is a coordinated effort between the Forest Service, NRCS, and our research efforts at USDA. And it is designed to provide a quality assessment of the risk associated with climate and, most importantly, creating opportunities to work with farmers, ranchers, and producers on mitigation and adaptation strategies and embracing climate-smart agricultural practices so that we reduce the risk and we don't suffer a decline in production, we are capable of continuing to produce the abundance and to do it in a sustainable way.

Tremendous partnership, well used, but not as well-known. And this is an opportunity, I think, for us to really ramp up our capacity to provide the knowledge and the information necessary for farmers.

I think farmers are really, really ready for this. I think they are hungry for this. They need the information, they need the knowledge, they need the expertise.

And so as a result, we need those climate hubs to ramp up. We need those climate hubs to be more active. To do that they are going to need a few more folks. They are going to need a little bit of additional resource. That is why we put it in the budget.

Ms. PINGREE. Great. Well, again, I just want to thank you for doing that. I think it is really important to have that assist.

I just want to say that our land grant university has let us know that they particularly benefit from them. That is one of the regions where there actually has been at least some amount of funding.

And coming from the most forested State in the Nation where we care deeply about climate change, but also about opportunities for forest innovation, forest practices, the role of the forest in sequestering carbon, I think it has particularly been important to us. But they are definitely underresourced, and I am glad to see you doing that.

And I also think they play an important role in this ability to translate the abstract goals that we have down to how do we really actually provide assistance to farmers in making these transitions and, as you said, reducing the risk.

My second point is about the organic livestock and poultry practices rule. I feel like I am always the one on the committee that asks you to go back to origin of livestock or this one.

So can you give us a little sense of where we are with that? What is the timeline for restoring it? It seems like, you know, it has been so hopelessly delayed. Well, you know all the details. But when can we look for that?

Secretary VILSACK. Well, I think the reality is that concerns were raised about the economic analysis, concerns have been raised about the way in which both the Obama administration and the Trump administration have been handling these rules.

So we are essentially going to start from scratch to make sure we do it right. And on the livestock rule, we are going to basically—we are going to provide additional opportunity for input on a couple of tweaks and changes that we have made, so that once we get that input that part should be advanced fairly soon.

The origin issue may be a little bit more complicated—or, I mean, the poultry issue may be a little bit more complicated because I think we need to start from scratch, we need a proper anal-

ysis, we need to make sure we have the strongest possible legal basis for whatever it is we decide to do. So that may take a little bit longer.

Ms. PINGREE. Great. Well, can you commit that you will make this a top priority? I just think it is important to resolve this for once and for all.

Secretary VILSACK. I agree. And it is and it will be.

Ms. PINGREE. Thank you. I am out of time. Thank you so much for your answers.

Mr. BISHOP. Thank you, Ms. Pingree.

And at this time I am happy to recognize the gentleman from Maryland, Dr. Harris.

You are now recognized for your questions, sir.

Mr. HARRIS. Thank you very much.

And thank you, Mr. Secretary, for, you know, appearing before the committee.

I have a couple of—my main concern for the Maryland Farm Bureau is the issue of whether or not the estate taxes will be changed, you know, under a Biden tax plan.

And if you could just briefly mention—as you know, you know, the step-up basis plus decreasing the exclusion would, I think, be very harmful for a lot of farmers, especially multigenerational farmers. Are these issues that you are aware of?

Secretary VILSACK. I am aware of the issues, Representative. I think it is important to point out that, the way these can be structured, there are very, very few—at the end of the day, very, very few farms that can be impacted and affected by this.

I mean, for example, the special-use valuation allows a recalculation of value for most farms to get them well under whatever the threshold might be for the establishment of an estate tax. So that is an important consideration. There is also a fairly significant long-term capacity, if there is estate tax, to be able to pay at a very low interest rate.

So I don't think the issue here—I don't think, at the end of the day, it is going to result in, you know, a destruction of the ability to pass on farms. I think there are tools in that Tax Code that will allow most farms to be transferred without difficulty.

I don't know the particulars that are being discussed, if any, but I will tell you that I do know from my own personal experience doing tax returns and estates for farmers for many, many years that there are a number of ways that farmers can use, and do use, to avoid estate and inheritance tax.

Mr. HARRIS. All right. Well, I will transmit that back to the Farm Bureau, but I expect that, you know, they know what the situation is in Maryland, and I suspect that a one-size-fits-all approach could be harmful to my local farmers.

One other issue where the USDA got caught up in is the blue catfish inspection issue. I know I talked about it extensively with the previous Secretary. Because the blue catfish, as you may or may not know, is an invasive species in the Chesapeake. It is decimating our rockfish and crab population.

And because the U.S.—this is the only fish that the USDA inspects the processing of, instead of FDA. It has created a tremendous burden on our fishermen. They don't catch it commercially.

They could, but they don't, because there are no processing facilities, basically, for it. And although I think we have a million dollars in last year's budget to help pay for some of the inspections, this is of great concern. Because if we don't carve out the Chesapeake Bay from this inspection regime, then the ecosystem is at risk.

And do you know, is there a reason why the Chesapeake Bay shouldn't be carved out from this inspection system and get it back over to the FDA, which will allow commercialization of the catching of the blue catfish and control an invasive species?

Secretary VILSACK. Representative, will you give me some time to find out the response to your question? It is not something I—frankly, I can't answer it today. I don't know.

Mr. HARRIS. Okay. Thank you. And I appreciate that.

Secretary VILSACK. I am happy to—

Mr. HARRIS. Again, it is a very specific issue to the Chesapeake Bay. And the USDA normally doesn't do fish processing inspections. So the politics are interesting.

One quick issue is the price of edible oils that, for a variety of reasons, has gone up, I am told, about 300 percent. And this could be, in fact, made even worse over the next few months.

And is the USDA aware of the supply trend issues with edible oils and the potential impact on the food industry?

Secretary VILSACK. Well, certainly we are aware of significant disruptions in the supply chain. Transportation is a serious issue. Congestion at the ports, difficulties with containers, we are focused on that.

We have expressed to the Maritime Commission the importance of doing what they need to do to make sure that we can get goods and services in and out of this country more quickly. I think it would be helpful if we could see investments in our infrastructure that would allow that to take place in a more efficient way.

So we are aware of supply-chain disruption, and we are doing everything we can to make sure that those who have power and control and jurisdiction over those issues are aware and need to take action.

Mr. HARRIS. Okay.

And just two comments.

You know, I agree with you on the problem of obesity in the country. I would suggest that some of the physicians have felt that one way we could help with it through the USDA is to align the food restrictions on the SNAP program with the food restrictions on the WIC program, which basically means that it would have to be nutritious foods.

Because, you know, as we expand the SNAP program, as you are aware, we expand the availability of a lot of non-nutritious food, as well, that a lot of people now believe in the medical field contribute—these foods contribute to the obesity crisis we have.

So it is something, if you would think about, it would be great to have the support to in fact begin to look at encouraging not only food security but nutritious food security for Americans.

And then, just finally, I have met with a lot of farmers in my district who are very disappointed. You know, the USDA is an agency that they thought just put farming as its priority, but I will tell

you, this farm loan assistance for socially disadvantaged farmers has got a lot of them upset, because an agency that they thought was color-blind is now color-preferenced. And they worry that this means that the USDA, which typically doesn't engage in politics, is now part of a "woke" agenda. And I will just leave it at that.

They are very disappointed, because your agency has a great reputation within the Federal Government for being a nonpolitical agency, and it looks like it has become very political.

And I will yield back the balance of my time.

Mr. BISHOP. Well, thank you, Dr. Harris. Your time has expired.

At this time, I am delighted to recognize the gentleman from Wisconsin, Mr. Mark Pocan.

Mr. Pocan, you are now recognized for your questions.

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

Thank you, Mr. Secretary, for being here. And it was heartening to hear your priorities for the Department, so thank you for sharing that.

Just so you know, I have a largely agricultural district, outside of the Madison metropolitan area, and a lot of dairy, soy, corn. I, myself, live in a rural town of 850 people. I can walk 5 minutes from the end of my driveway to walking by cows pasturing. So, very much a part of my district. We also are the home to UW-Madison, one of the main ag research universities, land-grant universities in the country.

I would like to extend an invitation to you, as well, to the district sometime. I have so many areas I could cover, I am not going to do it in 5 minutes. But Secretary Perdue did come during his tenure, and we really appreciated when he came by and visited one of the billings I am going to bring up.

If it is all right, I am going to bring up four areas, Mr. Secretary, and then let you comment, because I want to make sure I get these in.

The first one is, recently we have had an issue with our State not having an emergency order in place around COVID that could have cost us \$70 million of SNAP benefits every single month.

We reached out to your office a while ago. I believe as of last night our Governor has worked out a deal with the USDA that we will still be able to get it, with an executive order signed by Secretary Karen Timberlake. But I just wanted to confirm that, because, obviously, it is very important. Our Republican legislature, either ineptly or insufficiently, didn't deal with this, and it was going to cost us money, and we want to make sure what we have in place works.

Second, as I mentioned, UW-Madison is one of our premier agricultural research universities. On campus, the Agricultural Research Service has a building that Secretary Perdue visited when he was in Wisconsin in my district, and my only regret is they swept the cockroaches out before they had him come by. It is World War II-era building. It is the number-one priority for the University of Wisconsin-Madison. We co-locate with the USDA there on a program around the vegetable crop research unit, and would love to make sure that that can get prioritized. We do need some assistance in funding for that. And, again, would love to have you see the facility.

Three, third issue around hemp. I know there are some new rules on the THC. Some of my younger farmers, especially, have been trying to grow hemp, and they have been concerned because the limits were so low that there was a huge financial risk if they had to destroy their own crops. I would love to hear a little bit about what you see with that so I can give some good information to them.

And then the final area is around consolidation. I was very heartened to see that the President's budget included resources for stepped-up antitrust enforcement in the agricultural sector. But, as you know, many areas, including places like Wisconsin that have a lot of family farms—I think we were number one in the Nation for dairy farm bankruptcies in the last year or two—it has been really tough. Consolidations have hit us hard. I would love to hear a little more about what your plan is around antitrust enforcement within the USDA.

So I know I gave you a lot there, Mr. Secretary, but I figured that was the best way to do it and let you go at it with the remaining time.

Secretary VILSACK. Representative, I think if there is an emergency declaration at the State, your State would be entitled to participate with the allotment. And I think if what you said is accurate, obviously, we would move to a better place than we were after the Supreme Court decision in Wisconsin.

ARS has a lot of needs in terms of infrastructure. I certainly will take back your concerns and make sure that they are aware of it and make sure that it gets on the list. And I will let you know essentially where it is on the list. It is a fairly long list because for many, many, many years we weren't investing as we needed to. We have caught up during the Obama administration, and I think it was continued during Trump's administration, but I think there is still quite a bit to do.

On hemp, we did raise the—we did finalize the rule. It is 0.3. I think it does create some certainty for the producer. The problem now is making sure that we coordinate with our Department of Justice friends so that we don't create a problem with our processing community. That is a tough issue, a difficult issue, but we are going to work through it.

In terms of consolidation—I have 38 seconds—you know, strengthening the rules that exist, providing and investing in additional processing capacity that prevents competition, and working with the Department of Justice on a variety of issues, whether it is enforcement and making sure that, when there is antitrust issue, that the remedy actually addresses the challenge, and, whatever investigations they have, working collaboratively with USDA on making sure that we are focused in the right areas.

I am down to 7 seconds, and—

Mr. POCAN. Thanks.

Secretary VILSACK [continuing]. There are other things I could say to you, but—

Mr. POCAN. No, in the final 3 seconds, I just want to reiterate my invite to the district. Would love to have you come by sometime. Plus, it gets you closer to home.

Thank you. I yield back.

Mr. BISHOP. Thank you, Mr. Pocan.

At this time, I am happy to recognize the gentleman from California, Mr. Valadao.

Mr. VALADAO. Thank you, Mr. Chair.

Thank you, Secretary Vilsack. Welcome back to the subcommittee. Thank you for joining us today to testify. A lot has changed since you were last in front of this subcommittee, but I look forward to working with you again in this administration.

As you can imagine, I have a quite a few questions ready for you. And I plan to submit what we can't get to to the record for you to have the opportunity to respond to those that way. But the most important, pressing issue is that we are struggling today in the Central Valley.

I want to thank you first for designating the 50 California counties, including my entire district, on March 5 as a primary natural disaster area due to the ongoing drought. Just last Thursday, you and the Secretary of the Interior, Deb Haaland, released a statement acknowledging the critical drought in the West.

Though I thank you for this acknowledgment, more needs to be done to help our farmers and our water users in California. Agriculture production is a large part of our economy, but having a safe and reliable food supply is a serious national security issue for our country as well.

Would you please tell me how the USDA plans to assist the Central Valley of California as we deal with this horrible historic drought?

Secretary VILSACK. A couple things, Representative.

Obviously, we are going to take a look at reconstituting the drought task force and resiliency task force that we had during the Obama administration when we dealt the last time with the drought in California to make sure that we are taking a look at the full range and suite of assistance that we can provide to producers and to make sure that we do this in an interagency process to make sure that it is not just the USDA but we make sure that other departments that potentially have equities here are brought into the process.

Secondly, I think it is important for us to continue doing research. The better we are at utilizing the scarce amount of resources we have, obviously, it will allow us to deal with drought more effectively and more efficiently. And I think the ARS is very much—our Agricultural Research Service is very much involved in this, as is NIFA.

And, obviously, we will continue to take a look at the full range of resources that we have under the various programs to provide help and assistance to farmers as they struggle through a very difficult time.

So we fully appreciate the challenges they have. We are aware of it, and we will do everything we can to help.

Mr. VALADAO. I appreciate that. And I appreciate you bringing up that you have worked with other agencies. I think that is important, that we have as broad an approach to this obviously very complicated and important topic addressed as quickly as possible.

And another one. And I know I have a couple minutes here. The USDA took bold action in 2020 to utilize moneys made available

by Congress to purchase billions of dollars' worth of U.S. farm products for distribution to families in need through the Farmers to Families Food Box Program.

While the program was a success in many ways, it also created unintended volatility in the U.S. dairy industry, as cheese was a mandated product under the program while other products, like butter, were largely left out of the boxes. This created huge imbalances between dairy farmers driven only by whether their farm was applying to a favored cheese manufacturing sector.

USDA recently held an all-day listening session and comment period on the issue, which exposed some of these imbalances. Then, today, I was surprised to read in the news that USDA is canceling this important program altogether. This action seems directly to contradict your testimony that highlights the need to address the Nation's nutrition insecurity.

Why are we learning about this in the news? And although it wasn't a perfect program, this program provided families with healthy, nutritious food options grown here in the U.S. What do you plan to do to provide healthy food like what was included in the food boxes to families in need?

Secretary VILSACK. We are going to continue to provide healthy food, but we are going to do it through the most efficient system that we have.

The reality is, the Food Box Program was set up to respond to COVID. It was a response to COVID. A lot of problems with it, Representative. A lot of problems. There was a significant difference of administrative costs. In some cases, people were charged a tremendous amount just to fill the boxes. There was an inadequate accounting of where the boxes were actually delivered. There was a lot of food waste and loss that we uncovered as a result of these listening sessions.

So our theory is that we create opportunities through the TEFAP program, through what exists with our food banks and our food pantry system, which is incredibly efficient and incredibly effective at getting resources out to folks.

So there is going to be a continuation. We just announced a produce box that will be funneled through that system. We have the Dairy Donation Program that we are going to set up, as well, to help the dairy industry.

So we are going to try to take what we have learned at the best of that program and incorporate it into our traditional regular programs, which are very efficient in terms of food distribution. So, that way, I think you get the best of both worlds. You get product being used, product being available to people, nutritious product being available, but you get it through a very efficient and effective delivery mechanism that is accountable.

Mr. VALADAO. Well, I appreciate that. Making sure that we are actually getting American products to those who desperately need it is a priority. So I appreciate the answers.

And, Mr. Chairman, I yield back.

Mr. BISHOP. Thank you, Mr. Valadao.

At this time, I am happy to yield to the gentlelady from Illinois, one of our new members, Ms. Lauren Underwood.

Ms. UNDERWOOD. Well, thank you, Mr. Chairman.



Mr. BISHOP. You are now recognized for your questions.

Ms. UNDERWOOD. Thank you, Mr. Chairman.

And thank you to Secretary Vilsack for joining us today.

Two weeks ago, I had the honor of visiting the Northern Illinois Food Bank in Geneva, Illinois, and I was able to see up close the truly incredible work that their staff and volunteers are doing to keep the communities in my district fed, despite huge challenges and heightened demand due to the pandemic.

During my visit, the Northern Illinois Food Bank stressed to me how the Farmers to Families Food Box Program has been invaluable for distributing fresh, nutritious, ready-to-load food to our neighbors. Between March of 2020 and February of 2021, nearly a quarter of the over 1 million meals they distributed were supplied through the Food Box Program.

Mr. Chairman, I would like to ask unanimous consent to enter into the record a comment from the Northern Illinois Food Bank submitted to USDA supporting the Farmers to Families Food Box Program and suggesting improvements.

Mr. BISHOP. So ordered.

Ms. UNDERWOOD. My understanding based on news reports from this morning is that USDA is ending the Farmers to Families Food Box Program next month. But I was really pleased to see that USDA announced a new fresh produce box program under the Emergency Food Assistance Program, TEFAP.

Now, we know that the Farmers to Families Food Box Program was not without its flaws, but the food it provided has been a lifeline for families in my community. The Northern Illinois Food Bank has valued the variety of food it provided through the program, including the dairy and meat products. They also appreciated the program's flexibility, which has allowed them to distribute food boxes through many more of their agencies that typically can't distribute the TEFAP food.

So, Mr. Secretary, do you anticipate the new TEFAP produce box program will be able to fill the current need? And are you considering flexibility, ease of distribution, and food variety in the TEFAP produce box program or other food box programs?

Secretary VILSACK. The answer is that we are obviously trying to take the best of the Food Box Program and institute it into and implement it into our traditional distribution system.

So I think you are going to continue to see the variety, you are going to continue to see the wholesomeness and the nutritious food being made available to folks. I think you are just going to see it in a slightly different delivery mechanism that is much more efficient and less costly, which means that we are going to have more resources for more food for more people, number one.

Number two, we continue to have enormous capacity to purchase these other products and to incorporate them in what is being made available to food banks and the food pantries. And so I don't think you are going to see a decline or a reduction in the diversity of what is going to be made available to food banks. I think you are going to continue to see us being engaged in this. In fact, this budget asked for additional resources in the TEFAP program to be able to do more of what you want us to do.

And I think, you know, we have also heard from a number of other food banks that had serious concerns and issues with the program. So what we are trying to do is trying to take the best of what we have heard and eliminate the things that didn't work particularly well, put it into a system that is well-known and well-functioning, to make sure that we continue to get access to as many people as possible with nutritious options and flexibility.

Ms. UNDERWOOD. Well, I am certainly really pleased to hear that. The produce boxes are a great step. And there is obviously a deep level of need that likely requires greater support, so please do let us know about those additional resources that are needed.

Now I would like to turn to another critical nutrition program. I am pleased to see that in your written testimony you called out the importance of WIC in addressing the disparities in maternal and child health outcomes, particularly the racial disparities.

And I am the co-founder and co-chair of the Black Maternal Health Caucus, and so expanding WIC is a big priority for me. My Black Maternal Health Momnibus Act includes provisions that would extend WIC eligibility in the postpartum and breastfeeding periods to ensure that new moms have access to nutrition programs that are proven to save lives and improve maternal and child health outcomes.

In the skinny budget, the administration is requesting a billion-dollar increase for nutrition programs, including WIC. Can you provide some detail on how you anticipate USDA would use that increased funding to expand WIC and improve maternal health, including if there are any statutory changes that you think may be necessary?

Secretary VILSACK. Representative, I think the first order of business with reference to WIC is to make sure the 50 percent of participants who aren't participating do. And that is why we were pleased with the Rescue Plan that provided additional resources for us to reach out to States to figure out ways in which we can be innovative in creating better understanding of WIC and better participation in WIC.

We want to close that 50-percent gap. That is the first order of business. The additional bonus that is in WIC because of the Rescue Plan, the additional resources we are asking for will allow us to continue to provide a decent benefit, but it doesn't help if people aren't taking advantage of it.

We are looking for partnerships, we are looking for ways in which we can get the word out about WIC and make sure that folks fully participate. And I have reached out to Governors. I mentioned that I am calling Governors. I am calling Governors all across the country, encouraging them to work with us and their human services department to get the information out about WIC.

You know, I was at a food bank recently where they put information in the box that they provide to families about SNAP. Well, why can't they also put something in there about WIC?

I think we need to look for creative ways, and certainly would appreciate any idea you have that would expand outreach that would enable us to close that 50-percent gap. It is very concerning.

Ms. UNDERWOOD. Yes, sir. Well, I certainly look forward to—

Mr. BISHOP. Thank you—

Ms. UNDERWOOD [continuing]. Working with you on that. I yield back.

Mr. BISHOP [continuing]. Ms. Underwood. Your time has expired. Hopefully you can get back to a second round.

I would like to recognize Mr. Moolenaar at this time, the gentleman from Michigan.

The floor is yours, Mr. Moolenaar.

Mr. MOOLENAAR. Thank you, Mr. Chairman.

And welcome back, Mr. Secretary. It is good to see you again.

You may or may not be aware that we had a major flooding event in mid-Michigan in May of 2020. And last year's catastrophic flood was the result of a historic rain event and a failure of two dams in my congressional district. And it cost about \$200 million worth of damage, and the rebuilding and recovery efforts continue as we speak.

A major disaster declaration was issued by the President last July. And I am pleased to tell you that the USDA was one of the first Federal agencies to respond, and I am very grateful for that.

The former USDA Deputy Under Secretary for Rural Development, Bette Brand, came to my congressional district with a pledge to support our recovery process, and the Natural Resources Conservation Service has been and continues to be an invaluable partner in providing Federal, critically needed, on-the-ground response. And I am extremely grateful to your department.

But we also continue to need assistance as we continue to rebuild. Last year's flooding was not an isolated incident. My hometown of Midland has experienced significant flood events several times over the last 25 years.

In working closely with Federal stakeholders like USDA, as well as FEMA, NOAA, EPA, and the Army Corps of Engineers, my State and local officials and community stakeholders are seeking your department's support for innovative, nature-based flood-mitigation measures to slow the flow of water during flood events and to protect the lives and livelihoods of those communities I represent.

The creation of wetlands, conservation easements, and natural flood plains are examples of steps that can be taken to provide flood protection while also enhancing recreational, environmental, and conservation benefits.

I would like to ask you today and the Department for your continued support and to work with me and the bipartisan Michigan delegation in Congress as we work together to develop and implement a coordinated Federal approach to mitigating the threat of future floods in the Great Lakes Bay region.

And I would also like to personally invite you to come to mid-Michigan to see firsthand the efforts of USDA to date and the work that still needs to be done as we recover and rebuild from last year's historic flood event.

Thank you for your consideration, Mr. Secretary.

Secretary VILSACK. Representative, I know that our team at USDA continues to be in close contact with the Four Lakes Task Force in the work that they are doing in helping to rebuild those communities. We are looking at ways in which the Community Facilities Program could potentially be of assistance and help. And,

certainly, I know that the folks at NRCS stand ready to be as helpful as they possibly can with some of the projects that you just mentioned.

I am happy to commit to you that we will continue to be cooperative and continue to look for ways in which we can be of assistance and be part of the team that rebuilds the area.

Mr. MOOLENAAR. Wonderful. Well, I am very grateful for that. And, again, I would just like to personally invite you to come out and see firsthand the work that has been done and still needs to be done. And I am just grateful for that.

If I could switch gears a minute, first of all, I want to be very supportive of your work in rural broadband and your support for that. I think the pandemic as well as the flooding have really demonstrated the importance of that.

I also want to just talk a moment about dairy. And dairy farmers—and I know you know this well—make up a large portion of the agriculture industry in Michigan and in my district, and all face uncertainties about the future, especially with COVID.

The dairy industry has been caught in the middle of ever-changing meal patterns, particularly dairy suppliers of low-fat flavored milk. And I am wanting to ask what your willingness is to continue allowing schools to serve 1-percent flavored milk, particularly given that the 20 to 25 dietary guidelines for Americans know that 90 percent of the U.S. population does not meet dairy recommendations and also did identify low-fat milk as a recommended nutrient-dense beverage.

Secretary VILSACK. You know, this is an interesting question, Congressman, because if you go with the no-fat milk, then kids don't drink it, and you lose the nutritional value and nutritional benefit of the vitamins and the nutrients that are in milk, the nine essential vitamins and nutrients and minerals.

And so, to the extent that that alternative provides the opportunity for us to see more milk consumption, that is something I think we should absolutely take a look at. I mean, at the end of the day, we want kids drinking milk, because it is good for them.

And so I am encouraging our team to basically take a look at that issue of, does it make sense to have a standard which essentially cuts off milk consumption, or is it better to have a standard that encourages milk consumption and where you get the benefits?

And I think school districts obviously have, you know, a lot of issues that they need to take into consideration, but I think our team should be helpful in that respect.

Mr. MOOLENAAR. Wonderful. I appreciate your thoughtful approach.

And, Mr. Chairman, I see my time has expired, and I yield back.

Mr. BISHOP. Thank you, Mr. Moolenaar.

At this time, I am delighted to recognize the gentlelady from Minnesota, the chair of our Subcommittee on Defense, Ms. Betty McCollum, for any questions that she might have for Secretary Vilsack.

Ms. McCollum.

Ms. MCCOLLUM. Thank you, Mr. Chair.

I am so happy to have you back at the USDA, Mr. Vilsack. Your leadership and expertise will be critical in combating climate

change, stabilizing our food and agriculture systems, and helping our Nation recover from COVID. So your experience will help us in all those areas.

The pandemic, as has been pointed out by many, has increased food and nutrition insecurity, but I wanted to focus on some reports that have come back to light. Military members and their families are no different in their reliance on food banks, and we are seeing it dramatically increase.

Hunger among military families is not new. The 2016 GAO report—and you might not have had a chance to look at this yet, sir, but someone in your staff can look at it for you—points out that roughly 23,000 military families use SNAP. They spend more than \$21 million in SNAP benefits on military bases alone.

Many of us thought we had addressed this program years ago, only to find out that we are still having food insecurity with our military. A 2020 survey by Blue Star Families found that 14 percent of active-duty families are reporting food insecurity. So the GAO report goes into all the reasons why this happens. It is a great report.

And as our chair of the Agriculture Committee pointed out, I chair the Defense Subcommittee on Appropriations, and I would like to work with Chairman Bishop on this, as well with you, how we can better understand this problem. So if you could get to Chairman Bishop and I which staff person we should be working directly with, that would be greatly appreciated, sir.

Secretary VILSACK. We will get that to you today.

Ms. MCCOLLUM. Thank you.

At the end of your tenure as Secretary of Agriculture, the U.S. Forest Service took action to protect the Boundary Waters Canoe Area, our Nation's most visited wilderness area. And it is a priceless reserve of water, so clean you can drink it directly from its lakes and rivers.

In December of 2016, our previous Forest Service Chief, Chief Tidwell, denied consent for renewal of two expired mining leases in the BWCA watershed, concluding—and I quote from him—that sulfide copper ore mining could cause, quote, “serious and irreparable harm to this unique, iconic, irreplaceable wilderness area,” end of quote.

In January 2017, the Forest Service applied for a mineral withdrawal from Federal lands within the Rainy River watershed, but the Trump administration canceled the mineral withdrawal study, renewed the leases without any scientific evidence to justify its actions, to show whether or not that water, in fact, could be protected.

Now, I understand the Department of Agriculture, under your leadership, is reviewing those actions. If you are able to, would you share what steps the USDA will be taking under your leadership to address this issue and the threat of sulfide ore copper mining in the watershed?

And, in general, could you comment on the importance of surface land managers, like the Forest Service, in retaining the right to review and deny consent for mineral leases on public lands, especially when it could impact our public waters, which are the future generations' drinking water?

Secretary VILSACK. Representative, very much aware of the challenge and the interest and the sensitivity of this particular issue that you have raised. Certainly aware of it in 2015, 2016; aware of it in 2021.

I had the opportunity to go to Minnesota at the request of former Vice President Walter Mondale, who has a very keen interest in this issue, and spoke to a group that obviously is very concerned about the Boundary Waters generally.

What I can tell you is that we are indeed reviewing the Trump administration action, and we are also working with our sister agency, the Department of the Interior, to take a look at a variety of economic analyses that have been done and need to be done in connection with this particular area as we make decisions about what next steps are.

I don't want to prejudge what those next steps are until we have had those conversations and completed that analysis, but very, very, very well-aware of the sensitivities, and we will do what we can.

And understand and appreciate the uniqueness of that particular location. It is something that I am personally familiar with, because our younger son spent a lot of time up there in the Boundary Waters at Camp Widjiwagan when he was growing up. So it is an area that was important to our family.

Ms. MCCOLLUM. Well, thank you.

Secretary VILSACK. I can assure you, we are going to take it very seriously.

Ms. MCCOLLUM. Thank you, Mr. Chair.

We don't place a value on water. But we hear about all the value in minerals. And life does not exist without water.

Thank you, Mr. Chair.

Thank you, Mr. Vilsack.

Mr. BISHOP. I recognize Mr. Newhouse from Washington.

You now recognized.

Mr. NEWHOUSE. Thank you, Mr. Chairman.

Secretary Vilsack, it is great to see you again. I have to say that, during my time as secretary of agriculture for my State and then also as serving as a Member of Congress in your last term, your office has always been very responsive and great to work with. So congratulations to you on your second confirmation. And I hope you are settling into your new old office at USDA.

Just a quick question to get us started. You may or may not know, earlier this year, I had the honor of being elected the chairman of the Congressional Western Caucus, which is a group of about 70 Members of Congress located throughout the country. Some of our main priorities have to do with agriculture and conservation and forestry, all of those things that are important to our membership.

And I just wanted to follow up on a written invitation that I sent to you and extend a personal invitation to come and meet with this group of Members at your earliest convenience. And I would hope that we could make that happen. Could we do that, sir?

Secretary VILSACK. Yes. Happy to visit with those folks.

Mr. NEWHOUSE. Thank you. Thank you very much.

Secondly, as many other Members have done, I would also like to invite you to come to my State. As you know, central Washington, where I represent, is a very diverse agricultural region. Gosh, we grow everything, I always say, from A to Z. You have heard of Washington apples; certainly our cattle and dairy industry is very significant; wine grapes; many, many other kinds of fruit, cherries certainly; wheat is a big deal.

And I know from your previous work at USDA as well as in the private sector, you understand—and I have heard you say—farmers and ranchers are truly the original conservationists and are stewards of the land that they work.

So I would appreciate your time, if you could, to meet with central Washington farmers, ranchers, to understand how growers continue to innovate on smart climate practices and see firsthand how a one-size-fits-all solution in the name of climate does not work for all of agriculture.

It would be good, as you make further announcements along these lines, to please—and I know you will, but—solicit input from growers in program crops as well as specialty crops.

But I want to touch on a couple things in my time. First of all, on trade. And thank you for your comments so far, your positive comments. You understand the importance of trade to our industry. And I appreciate your urging the Congress to begin working to reauthorize the TPA, the Trade Promotion Authority. Free, fair, and open export markets certainly are critical to the State of Washington's agricultural industry.

I have to tell you, though, sir, many agricultural stakeholders are concerned at the tone President Biden has been taking on trade negotiations. Implying that domestic matters are more important than trade agreements has not previously been beneficial to U.S. workers.

And I would just like to note that nearly 40 percent—40 percent—of the jobs in my State, the State of Washington, are directly tied to trade.

So my question is, what do you plan to do to move the White House forward on trade on behalf of U.S. agricultural stakeholders?

Secretary VILSACK. Our job at USDA is to make sure that the U.S. Trade Representative's Office is fully aware and appreciates the importance of agriculture in those negotiations and in the implementation of agreements.

I have already had conversations with the U.S. Trade Representative Ambassador, Ambassador Tai, on implementation of USMCA, on approaches to China, on issues relating to Japan and beef access. So we have had those conversations.

I have also had opportunities to reach out to the State Department to make sure that they are fully aware of agriculture's interests in a variety of areas around the world as issues unfold and can have an impact on trade relationships.

And, finally, I have spent a good deal of time in the first several months of my tenure here reaching out to ag ministers from all over the world, trying to develop a coalition of ag ministers committed to climate change and a coalition of ag ministers committed to a science-based and rules-based system, and have had positive conversations recently with folks, particularly in our hemisphere.

Mr. NEWHOUSE. Thank you. Thank you very much.

I see my time has expired, but I do hope to have another opportunity. But I appreciate very much your meeting with us this morning, Mr. Secretary, and look forward to a continued productive working relationship.

Thank you, Mr. Chairman. I will yield back.

Mr. BISHOP. Thank you, Mr. Newhouse.

At this time, I am delighted to yield to the chair of the MILCON-VA Subcommittee of our Appropriations Committee, Ms. Debbie Wasserman Schultz. And I would like to just take the opportunity on behalf of the subcommittee to extend our deepest condolences on her recent loss of her mother.

We are delighted that you are with us today. And, at this time, I am happy to yield to Ms. Wasserman Schultz for your questions.

Ms. WASSERMAN SCHULTZ. Thank you so much, Mr. Chairman. And thank you for your condolences and the condolences of so many of my colleagues.

Mr. Secretary, welcome, and welcome back. We are thrilled to have you in the leadership role that you are in once again.

I want to touch on a couple of things: first on food insecurity among Florida's Hispanic community, and then also on the invasive species problem we have, particularly in Florida, as well as Florida citrus.

COVID has continued to exacerbate an already serious food insecurity problem nationwide but especially among the Hispanic and immigrant families who live in Florida. According to UnidosUS, Hispanic children in Florida are more likely to have experienced food insecurity during the pandemic. And by mid-October, nearly 20 percent of Hispanic households with children reported that their household sometimes or often did not have enough food to eat in the past 7 days, compared to 11.6 percent of non-Hispanic White households that didn't have enough food.

Federal nutrition programs like SNAP and P-EBT are critical to addressing food insecurity during COVID. But Hispanic children and families face multiple systemic and structural barriers to participation in food assistance programs, particularly limited language access services and inadequate community outreach about the program.

So I would like to ask you, how can the USDA better target investments in Spanish-language and culturally relevant information as well as trusted, culturally competent, and community-based organizations in order to help reduce those longstanding disparities in food access among Hispanic and immigrant households?

Secretary VILSACK. Representative, I think I would just incorporate my answer into your question the way you have posed it. I mean, the reality is, we need to do a better job of working to communicate with folks in a way that they understand and in a way that they trust. We certainly did that when I was Secretary before. We got participation rates in SNAP to record levels.

Sometimes we also have to work and make sure that the States are doing their job, because, at the end of the day, States administer this program. And so I think it is going to be important for us to take a look at where Florida is relative to their outreach and



the works and efforts that they are, in terms of the resources we are providing to the State for outreach, for education, et cetera.

So I think it is partly reaching out to the States, partly making sure that we are doing our job of making information available. And, frankly, part of it is also taking a look at the level of the benefit. Folks can be hungry even if they do get SNAP, because the benefit level, I think, needs to be examined. Certainly, we are appreciative of the fact that Congress has increased it. And we have put that into play, and that should be of some help to the families that are participating in the program today.

Ms. WASSERMAN SCHULTZ. I think it is so important that USDA make this a priority. It is so critical.

And, thankfully, the Biden administration has reversed the public charge rule. So how is USDA ensuring that all eligible immigrant children and families who need access to food assistance are able to receive it?

Secretary VILSACK. Well, we reached out to Department of Homeland Security, encouraging that action and certainly applauding it, and making sure that our counterparts in the States are fully aware and appreciative of the fact that that change has taken place. Again, it is States that administer this program. We want to make sure that they have the right information and that they are applying the right set of rules and right set of lenses, if you will, to applications.

You know, part of this is also, I think, taking a look at the application system itself and making sure that we are doing it in a way that is as easy as it can be, to make sure that people participate in the program. Sometimes our application processes can be confusing and difficult and sometimes cumbersome, which can oftentimes discourage people from participating.

That is particularly true of seniors. And I am not sure in Hispanic communities whether seniors are participating at the rate they should, but oftentimes it is because of the complicated application process.

Ms. WASSERMAN SCHULTZ. And the public charge rule, you know, obviously eliminated so many Hispanic and immigrant families. And so making sure that they know that they are once again eligible is really critical.

I want to turn, in my final just more than a minute, to the Agricultural Quarantine Inspection Program, because that is vital for inspecting imported commodities that come in through Florida's ports so we can protect against invasive plant and animal pests.

It is a user-fee-based, as you know, program, so the decline in international travel has affected the program's bottom line. The "Coronabus" provided more funding to address the user-fee shortfall. But as we put together the fiscal year 2022 appropriations bill, it is really vital for AQI to have the funds necessary to continue this critical work so we can keep invasive pests from devastating our agriculture industry. That is the number-two, you know, economic driver in the State of Florida. Citrus greening has been really, you know, intensifying as a result of that invasive species problem.

So can you speak to the importance of the program and whether AQI has the funds necessary to continue operating effectively?

Secretary VILSACK. Well, it was certainly appreciated, the fact that Congress did provide the resources—I think it was over \$600 million—to basically get that budget back in order.

You are absolutely right; that is the first line of defense. And invasive species can be absolutely devastating. You have mentioned citrus greening. Certainly don't have to tell anybody from Florida or Texas or California or Arizona the concerns they have about the citrus industry generally. We have invested a lot of resources in that particular area. Over 110 projects have been invested in on citrus greening alone—millions and millions of dollars.

So very high priority, very important, has to be adequately funded. And I think it is adequately funded so long as the fees are coming in. If the fees aren't coming in, then you need to supplement or provide additional resources.

Hopefully, with trade getting back when we get to the other side of COVID internationally and we get some of the snags in trade taken care of, we should see those resources begin to fill back up again, and we shouldn't have as much of a threat or concern as we had during COVID.

Ms. WASSERMAN SCHULTZ. Thank you so much.

Mr. BISHOP. Thank you, Ms. Wasserman Schultz.

Ms. WASSERMAN SCHULTZ. My time has expired.

Mr. BISHOP. Your time has expired.

At this time, I would like to recognize Mr. Cuellar of Texas, a member of the Defense Subcommittee, for any questions that you might have, sir.

You are now recognized, Mr. Cuellar.

Mr. CUELLAR. Mr. Chairman, thank you so much for your leadership in this subcommittee.

Mr. Secretary, it is a pleasure seeing you again. I am so happy that you are back as the Ag Secretary.

I have two questions for the record on quality loss in the WIC Plus program and school meal standards that I am going to go ahead and submit for the record. So if you can get back to me on that.

Mr. CUELLAR. But what I want to talk about is, how do we help kids from third-world conditions, literally millions of them—and I am not talking about Salvador or Guatemala, but I am talking about kids in the border, U.S. border, called colonias. They have many times no water, no sewage, no electricity, no streets. The educational system needs a lot. So I am talking about helping U.S. kids that are on our side in colonias.

Your agency has a definition for colonias, as you know. And I certainly want to see if we can talk about—if you can designate somebody I could work with. Because the colonias, we are talking almost 2.5 million individuals that live in third-world conditions. A hundred and forty-five colonias are in New Mexico; 114 colonias are in Arizona; 34 colonias are in California. And Texas, especially south Texas, where a lot of kids are coming in from Central America, we have 2,166 colonias in the State of Texas.

I know that your StrikeForce 2.0 is something I want to work with. I want to also work with you on the 10–20–30, which is something that Clyburn and the committee have been working on.

So I just want to see if you can assign somebody I can work with and the committee can work with, because I do intend to add fundings with the help of the Appropriations Committee members to address third-world conditions called colonias.

Secretary VILSACK. The last time I was Secretary, we had a focus on the colonias as part of our StrikeForce 1.0. Certainly no reason not to continue that.

Right now, our focus is on making sure there is safe and adequate water, drinking water, and waste disposal systems. A significant amount of money has been invested already by Rural Development in the colonias for wastewater—about a billion dollars for those projects and for hospitals and clinics and energy systems to childcare centers. Our budget does propose a specific increase in water infrastructure, which we think will help clean water in communities like the colonias.

So, very much committed to this, Representative. And we will make sure that you have someone in the staff that is aware of what we are doing in the colonias so that you can work with them to assure yourself and your constituents that that is an area of concern and interest.

Mr. CUELLAR. Thank you so much, Mr. Secretary. I am sorry, I am running off to the floor right now, but I do want to say thank you. And I look forward to working with whoever you assign so we can talk about colonias. Thank you so much.

I yield back, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Cuellar.

At this time, I would like to yield to the gentlelady from New York, Ms. Grace Meng.

Ms. Meng, you are now recognized for your questions.

Ms. MENG. Thank you, Chairman Bishop.

And thank you, Mr. Secretary, for being here. It is great to meet you again. I am so thrilled that you will be leading this agency and look forward to working with you in my first year on this subcommittee to advocate for hunger programs like SNAP and WIC, which help many Americans, including my vulnerable constituents in Queens.

As you know, food insecurity has really skyrocketed during this pandemic. The lines are longer than I have ever seen in my lifetime, and many people are relying on food assistance. There has never been a more important time to try to make SNAP more flexible.

And I am concerned, in particular, about the longstanding hot food exclusion of hot foods from SNAP. This policy, I believe, creates unnecessary obstacles for many who are experiencing homelessness, senior citizens, single parents, essential workers—which we saw a lot of this issue in New York during the early days of the pandemic. They were working overtime and didn't have time to go to a grocery store. And sometimes, at least in New York, there is not a grocery store nearby.

I believe that this policy can't be justified from a nutrition standard, when an untoasted sandwich is eligible for purchase but a toasted sandwich is not.

Many of my constituents are struggling to put food on the table and would really benefit from repealing this exclusion. For exam-

ple, a single mom could benefit from buying a rotisserie chicken to use across several meals. A college student on SNAP who works to pay for school might benefit from a cup of soup from the local grocery store or deli. Those who are unhoused or are living in transitional housing might not even have access to a kitchen at all.

I wanted to ask what your opinion and thoughts are on potential repeal of this hot food exclusion and of more expansive SNAP policies. And would you be supportive of Congress wholly eliminating the hot food exclusion?

Secretary VILSACK. Congresswoman, I think it would be best for me to respond to give you, sort of, the principles that I am operating under with reference to the SNAP program.

First and foremost, I want that benefit to be meaningful. And that is one of the reasons why we instituted a review of the Thrifty Food Plan, which is the foundation upon which that benefit is calculated, to determine whether or not it makes sense in today's world.

Secondly, I want the ability of the SNAP program to be utilized by as many people as possible, which means taking a look at our application systems and making sure that we are not creating barriers to participation that are unnecessary.

Third, I think we do need to learn from the recent experience in COVID as to how we might be able to make the SNAP program and availability of benefits modernized and more convenient. Now, that may very well address the issues that you are raising here. It may go into a variety of other directions relative to how we might incorporate restaurants into the system more fully than they are today. But I think it is worthy of us challenging ourselves to ask ourselves whether this program needs to be modernized in terms of how benefits are accessible.

And, finally, of course, we want to make sure the program is operated with integrity.

And those are the four principles that I am operating under. Those are the four directives that I have given to our team to work on. And I would hope that over the course of the time that I am Secretary that we will see progress in all four areas.

Ms. MENG. Thank you, Mr. Secretary.

I know I don't have a lot of time left, but as a member of Mr. Clyburn's Rural Broadband Task Force, rural accessible broadband access has been something that we have prioritized and we have especially seen the importance of during this pandemic.

I wanted to ask about your plans to expand broadband access in general but, also, how you might suggest—or any ideas you might have in relation to how Members could use potential community-funded projects or the infrastructure bill to help make this access more accessible and affordable.

Secretary VILSACK. There are a number of issues relative to broadband, I think, but, first and foremost, at our department, USDA needs to work in better coordination with the FCC, with NTIA, with Commerce and other agencies that are engaged and involved in expanded broadband or the regulation of broadband to ensure that we are using every single dollar as effectively as possible to get as many people served as possible.

We recently clarified and simplified the rules with reference to our ReConnect Program, which will, I think, go in effect next week. And we expect and anticipate that is going to expand significantly the number of communities that are available to apply for those resources. So the more resources we have in that program, as we have asked in this budget for additional resources, the more folks we can help.

But we want to make sure the help we provide makes sense, so that means upload and download speeds that are adequate and sufficient to actually do the job that needs to be done. As I discussed with Representative Fortenberry, you know, this is about making sure that this broadband is actually usable. It is not enough to say you have broadband; it has to be higher-speed broadband.

So those are some of the things we are doing relative to broadband expansion.

It is about money. And the Jobs Plan that the President has put forward provides significant resources for this. I would strongly encourage Congress to take a very close look at that bill and that section of the bill.

Mr. BISHOP. Thank you, Ms. Meng. I believe your time has expired.

And let me thank the committee. I believe we have finished our first round. And we are about to begin a second round, Mr. Secretary, and I think that comes back to me.

As you may be aware, Georgia is the number-one peanut-producing State in the country, and my congressional district is the number-one congressional district that produces peanuts, and I am known as the peanut Congressman.

The peanut industry brought back concerns about the EU non-tariff trade barriers for peanuts to USDA's attention back in 2018. Since that time, the peanut industry has had numerous USDA meetings, Zoom calls, and exchanged technical information with the EU through the AMS/FAS with no success. Since 2018, peanuts have lost \$160 million in the EU market.

The industry leadership believes that until the EU representatives and the U.S. peanut leaders meet, there is little hope of addressing this important issue for the peanut industry. Can you check with your staff on how we can move this issue forward for the peanut industry and possibly include a meeting with EU representatives and the U.S. peanut industry?

And let me just ask, go on to my second question, so that you can answer that when you finish that. It has to do with ERS and NIFA.

The previous administration devastated USDA's research capacity at ERS and the National Institute of Food and Agriculture by proposing to move large numbers of staff from the national capital region to Kansas City, Missouri. Many of those researchers did not want to relocate, and, according to an OIG review from 2017 to 2020, ERS and NIFA experienced agency-wide staffing losses in excess of 40 percent.

What are your plans to restore these agencies' research capacity? And can you speak to where the administration is in nominating someone for the position of Under Secretary for Research, Education, and Economics?

Secretary VILSACK. Mr. Chairman, we will do everything we possibly can to communicate with our EU friends the concerns of the peanut industry and we will obviously facilitate any conversation or meeting that is necessary.

But I would say that it is very, very important for not just the USDA to weigh in on this issue, but for USTR to also weigh in on this issue. They are the ones that, at the end of the day, are negotiating with our friends in the EU.

It is a difficult circumstance. We have a very difficult relationship with the EU. I have had conversations with the EU Commissioner recently and expressed concerns about that relationship. We will continue to knock on that door. But I think it is important for us to also have USTR also knocking on that door.

In terms of NIFA, about 221 positions have been filled at NIFA. There are probably roughly a hundred positions or so that need to be filled. There is an aggressive effort to fill those positions and to do so in a way that expands significantly the diversity within those folks who are working at NIFA. We are going to keep an eye on it as the President has instructed us to do so. And certainly it is in our best interest to make sure we have as diverse and inclusive a workforce as possible.

And I am confident that we are going to get many of those positions filled. Some of them will be filled in Kansas City and some of them will be filled in the Washington, D.C., area.

Mr. BISHOP. Thank you, Mr. Secretary.

Part of the advantage of returning to your old job is being able to hit the ground running, but you need staff to help manage the vast and the wide-ranging portfolio at USDA. We have seen nominations announced for the Deputy Secretary and General Counsel positions. I am particularly interested in the Under Secretary for Rural Development and Assistant Secretary for Civil Rights positions.

When will the administration announce nominations for your subcabinet? And have you recommended any names to the White House?

Secretary VILSACK. We are working—and I should have responded to your request about our Under Secretary as well—we are working with the Presidential Personnel Office to identify candidates and to essentially create a list of potential nominees and then work through the process of ensuring that those folks are properly vetted before we propose their names.

I would anticipate and expect in the very near future you will begin to see a series of nominations for the Under Secretary positions and some of the other key positions that are not yet filled. Trust me, Mr. Chairman, I am just as anxious as you are to have more help and more staff. It is not easy to operate this rather vast department without all hands on deck.

So we are working as expeditiously as possible to get those positions filled. And hopefully the Senate will establish a hearing date in the near future for the General Counsel and hopefully we have a Senate vote on the Deputy in the very near future.

Mr. BISHOP. Thank you.

My time has expired, and I am happy to yield back to Mr. Fortenberry for an additional round of questions.

Mr. Fortenberry, the floor is yours.

Mr. FORTENBERRY. Thank you again, Mr. Chairman. I think it has been a thoughtful and thorough hearing thus far.

Mr. Secretary, I want to return to the earlier question I raised about synthetic beef. I think we have enough time to flush it out, so to speak, thoroughly.

I really think it is important that we work hard to dispel the myth that American livestock production is a significant contributor to climate change.

When we look at the emissions charts, America's livestock producers in comparison to the world are at the bottom. And that is because we excel in animal husbandry and innovation techniques.

Years ago there was a gentleman hog farmer in my district—and I know, Mr. Secretary, that you have probably been caught behind a hog truck and there is a lot of power and energy there. Anyway, one of my hog farmers decided to try to take that energy and make it useful in a creative way, and created one of the early methane digestion systems.

So, again, American livestock producers are in the front end of both animal husbandry as well as innovation, and I would hate to see us penalized as we try to appropriately address the issue of methane in the atmosphere, which is a pass-through gas and, therefore, less impactful on climate change. But also, in comparison to the rest of the world, how much better we do because, again, of the value of stewardship as well as innovation.

I have been in meetings with Bill Gates. He made that comment. I respect Bill Gates' attempt to compel the world's wealthiest to be more socially responsible. But in this one, again, discounting the nutritional aspects, the limitation—limited impacts this would have on our environmental security, as well as the disruptions of an important economic resource for not only ourselves in America, I think it is important to help dispel that myth.

Secondly, let me return also to the what I raised earlier regarding the blue ribbon panel. The OIG recently discovered that the Department does not have a single repository of all of its research.

So as we engage in the blue ribbon panel thinking about, again, a 21st century architecture of higher education that modernizes research, makes it relevant for both regeneration and return to the farmer, as well as value adds for the students, I think having an understanding of what the research is going on at the Department is a first step, just basic card catalog.

So that is one question I would like to raise for you.

And then finally, the third question would be, can you give an update on USDA's role regarding new technologies for genetically engineered farm animals? Has the USDA studied the ethical and moral questions surrounding the genetic modification of animals, obviously a place where we have to tread very cautiously?

Secretary VILSACK. Representative, on the last question, I think there are three components of this.

First, I think you are right, we have to make sure we lift up the messaging in terms of American agriculture and the protein production processes that are in place here.

American agriculture is responsible for about 9 percent or so of emissions totally in this country. Worldwide agriculture is respon-

sible for 14, 15 percent. So clearly we are doing a better job across the board.

I think there are technologies that will help us reduce methane. There are feed additives that could potentially reduce it.

I would say that what we have to do is have a regulatory system that allows those feed additives to get into our feed quicker. Basically, what we have today is a situation where it is treated as if it was a pharmaceutical product, which creates a tremendous lag time in getting that technology into the field.

Our competitors are not waiting. Europe and New Zealand and others are utilizing these feed additives to reduce their methane. We need to be on top of that.

And then I think there is technology for the conversion of methane and the utilization of technology to convert manure, all of which I think can significantly accelerate our efforts and need to be.

On the depository, this is surprising to me because when I left USDA we were trying to create a way in which we could have public access to all the research that we had publicly funded over a period of time to accelerate the utilization of that research in new developments. So I am not sure what has happened between the time I left and now, but I am certainly going to look into it. I would agree with you it makes sense to have a repository.

On genetically engineering farm animals, frankly, I will need to do some checking on that. It is clear we should be asking those questions if we haven't. I want to make sure if we have asked them, we have asked them in the right way. I want to find out what information we have. I don't know the answer to that question today as I sit, but I appreciate you bringing it up.

Mr. FORTENBERRY. Great. Thank you so much again.

Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Fortenberry.

At this time, I would like to recognize the chair of our full committee, Ms. Rosa DeLauro, for any additional questions she may have.

Chair, the floor is now yours.

The CHAIR. Thank you so much, Mr. Chairman.

And I want to just ask two questions. One is about foodborne illness from meat and poultry, Mr. Secretary, and the USDA has failed to make any progress on reducing illnesses from Salmonella and Campylobacter. It is about three million illnesses every year because of the resistance to one or more of the antibiotics.

Despite the Department's work on performance standards for the bacteria in the poultry slaughterhouses, the rate of laboratory diagnosed infections among people was actually higher at the close of the decade than it had been at the start.

So the agency has been criticized by both consumer groups and industry for having outdated performance standards that are not based on risks posed by the bacteria. And consumer groups and victims of foodborne illness have submitted two petitions to the agency asking for enforceable standards.

So the first question is, what do you intend to do to respond to the petitions, create updated enforceable standards, to ensure food safety and to protect consumers?



And the last question is about waivers for school meals. And I applaud your dedication to child nutrition. And last month the Department extended several nationwide waivers that will ensure children receive healthy meals through the summer when schools are out of session. We have heard the Department is considering the extension of certain waivers for school meals for the fall.

School districts across the country need to prepare for the fall, providing them with this continuity, if you will. Can you explain the Department's current thinking and when you plan to announce a decision?

Secretary VILSACK. On the petitions, Madam Chair, I would ask that you give me an opportunity to be better versed on the nature of those petitions. But I would say as a general proposition, we should do everything we can to ensure the safety of the food that we are providing to Americans. And if there are concerns, if there are issues where we are taking a step back instead of a step forward, we need to take a step forward.

And certainly when I was Secretary before we made an effort to try to take a step forward. If that wasn't sufficient, wasn't adequate, then I think we need to obviously revisit what can be done and should be done to ensure the safety of food that is being provided to Americans. That is a sacred responsibility we have and we need to take it seriously.

On the waivers, I would expect and anticipate that we are going to have information on that in the very, very near future. We certainly understand that schools are waiting to know precisely how the system is going to work during the next school year and we want to give them plenty of time to make sure that they have things in order.

I would say that there are two issues here. One is the issue of, you know, are we going to continue to have universal free meals. My feeling is I want to make sure that we feed as many kids as possible and we want to feed them nutritious food. That is my attitude. And that hopefully can be expressed in policies that we adopt.

Secondly, there is the issue of the nutrition standards. And I think it is important for us to work collaboratively with school districts in a way that allows them the resources. What I said earlier about funding your priorities. If nutrition is a priority, then we need to provide the resources for school districts to provide healthy, nutritious meals.

It ought to be a priority. And, frankly, I think it is cost-effective if we do this because over time we are going to spend a heck of a lot less on diabetes, for example.

The CHAIR. Just a quick comment on the standards. Look, I look forward to working with you on this. We need final product standards for the most dangerous types of bacteria and requiring the large poultry operations to minimize foodborne risks in their production practices. But, again, we will have further conversations about that.

On the issue of agriculture research and climate change, if I might. What ways do you think that USDA, the agencies and resources be utilized to identify agricultural practices that are needed to mitigate climate change, but incentivize their use and adoption among farmers?

Secretary VILSACK. A couple things.

First, we need to make sure we have proper measurement and certification programs so that we can create market opportunities for investment in those practices.

Secondly, we need to make sure we are targeting and focusing the conservation resources that you all provide us in a way that advances those climate-smart agricultural practices. We have 45 different practices that we know will have a positive impact on soil health, have a positive impact on water quality, will have a positive impact on carbon sequestration. We ought to be helping to fund those 45 practices. Farmers are anxious to do it.

But this is really important, this is maybe the most important thing I am going to say today: 89.6 percent of farms in this country today, 89.6 percent of the farms in this country today, the majority of income for the farm families operating those farms does not come from the farm.

So when we basically say, "Hey, farmer, you need to do X, Y, and Z," they are not making enough money, most of them, to do that.

So that is why it is important for us as a Department to focus on new markets and more markets and better markets so that we create greater profitability.

So if we are anxious for climate, then let's invest in those practices, make it easy for farmers to do so. Let's create markets that reward them for doing this and pay them for doing this and create, in essence, a new revenue stream for them so that we don't have 89.6 percent of our farms not producing enough money so that the majority of what is earned comes from that farm as opposed to off-farm income.

Mr. BISHOP. Thank you, Ms. DeLauro.

The CHAIR. My time is expired, and I look forward to working with you, Mr. Secretary.

Thank you.

Mr. BISHOP. I believe Dr. Harris is next if he is ready.

Dr. Harris, you are recognized for any additional questions that you may have.

Not hearing from Dr. Harris, let me recognize Mr. Valadao for any additional questions.

Mr. VALADAO. Appreciate the time, Mr. Chairman, again.

And, Mr. Secretary, as you know, agriculture exports from the West Coast—before I continue on, I was in the middle of another call as well, so hopefully this wasn't addressed, but this is an important topic. And I know that the export issue was brought up a little bit.

But as you know, agriculture exports from the West, especially from California, are facing unfair treatment due to the lack of export containers and lack of willingness for shipping carriers to move our goods, but China is paying a higher fee to have the containers returned to China completely empty, leaving U.S. exports behind. The Federal Maritime Commission currently has an investigation underway on this serious issue.

These exporters need all the help they can get right now. Coupled with excessive shipping costs, attention to merge fees (ph), exporters are struggling to meet contract deadlines in our critical Asian markets, jeopardizing important trade relationships.

Will you commit to working with me, this committee, the White House, Department of Transportation, and the Federal Maritime Commission to find both an immediate solution to free up port congestion and a long-term fix to ensure that these delays and exorbitant costs are avoided in the future?

Secretary VILSACK. Congressman, we are already working collaboratively and certainly have encouraged the Maritime Commission to take action immediately, which they have the jurisdiction and capacity to do to begin to alleviate this very serious problem. So we are very concerned about it, as you are. Happy to work with you on it.

Mr. VALADAO. I appreciate that.

And then, Secretary Vilsack, you have been a leader on speaking out about USMCA enforcement, however, we have yet to hear from the Biden administration on enforcement of Canadian commitments on dairy, as well as Mexico's numerous roadblocks directed against our agriculture exports. There has been proliferation of Mexican regulations and product standards that serve little purpose other than to impede trade.

Will you commit to work with interagency partners and the White House to ramp up engagement with Mexico to work out these differences so we can continue to trade our vital products?

Secretary VILSACK. Have visited with the Mexican Ag Minister about these specific issues. It was the second call that I made. The first call was to the Canadian Minister to raise issues on USMCA. And certainly have indicated a desire and opportunity to work with USTR to make sure that the provisions of the USMCA that provide for enforcement, provide for collaboration and for consultation are utilized when and if it turns out that our trading partners aren't living up to the letter or spirit of the agreement.

Mr. VALADAO. I appreciate that.

Mr. Chairman, I am going to put the rest of my questions in for the record, and I appreciate the time.

Mr. Secretary, thank you again for testifying.

I am done. So I yield back the rest of my time.

Mr. BISHOP. Thank you, Mr. Valadao.

Ms. Pingree, you are now recognized for an additional round.

Ms. PINGREE. Thank you so much, Mr. Chair.

Mr. Secretary, I want to follow up on some report language I secured last year encouraging NRCS to establish a composting conservation practice in CSP and EQIP, something that has been a focus of mine for a while. And I know that NRCS is also moving forward this year with an interim conservation practice on soil carbon amendments, including compost and biochar.

Can you give me an update on the efforts at NRCS to include the use of compost in conservation programs?

Secretary VILSACK. Congresswoman, if you will allow me to ask my staff to get back to you on that issue. I don't know the specifics of it. I would be surprised that we are not utilizing every opportunity to create ways in which we can provide help and assistance to farmers and that may be one of them.

But I don't know the answer to your question and I wouldn't even want to try to fake it, so——

Ms. PINGREE. That is okay. You have put in 2 long hours with us and I didn't expect you to be on top of everything, although compost is an important topic.

So let's go to a tough one, PFAS. Unfortunately, my State of Maine has been a little bit ahead of the curve when it comes to identifying and responding to the emerging threat of PFAS contamination. Over the past few years, a small number of dairy farms in Maine have identified PFAS contamination in the milk.

Unfortunately, this difficult situation is even more challenging because of a lack of resources available to help affected producers. The Dairy Indemnity Payment Program gives a little bit of short-term relief, but is not sufficient to address the full scope of the problem.

Maine might be ahead of the curve, but I know we are not the only State where this is an issue or will be an issue. So can you tell me how you are approaching the issue of PFAS contamination across the Department from research to farm support to food safety? And what further assistance can the USDA offer in terms of longer-term programmatic and financial support for farms that are affected by PFAS contamination?

Secretary VILSACK. We are taking a look at the Dairy Indemnification Program to see whether or not it actually is structured in a way that is meaningful.

I think what we think, it probably makes sense to provide compensation over a short period of time for milk that is impacted and affected. But perhaps if there is a long-term, more permanent situation that you are dealing with, it may be better for the farmer to provide assistance in terms of reimbursing for the stock, the dairy cows that may be impacted by this.

So we are looking at ways in which we can better support our dairy farmers who are confronted with this.

Secondly, you mentioned across the country, and certainly this is a big issue in New Mexico, and it has something to do with the Defense Department. So we are obviously reaching out to the Defense Department to encourage them to also understand the responsibilities that they may have in this space as well.

I don't know what research we are doing on this, but I will be happy to ask our team if there are research projects and certainly let you know about them. And if there are not, whether or not they would consider the possibility of such a project in Maine.

Ms. PINGREE. Well, thank you for that. I know I am fortunate enough to sit on the MilCon Committee, and Chair Wasserman Schultz recently held a hearing on PFAS where we got to hear from the Defense Department. And my understanding is that there has not been sufficient analysis of where the contamination is.

So I do think, like the New Mexico situation, there is probably a great deal of contamination near military bases and airstrips. And I do hope that USDA can work closely with the Department of Defense to push them to take responsibility for that and the cleanup.

And I will just also reinforce that I appreciate the support and the compensation for milk, but I think your second suggestion, that for many farmers this level of contamination—PFAS is a forever chemical. It is often in the land for a variety of reasons. Can't real-

ly be effectively remediated or removed or at least we don't know how to now. And for some farmers it is complete loss of their stock and all of their livelihood.

So I will look forward to staying in touch with the Department on that and how we are going to deal with that really tragic situation many farmers find themselves in—or some farmers find themselves in and possibly more will in the future. And there is really no way to get back your livelihood in some situations.

So I yield back the rest of my time. But thank you for being willing to look into that. Thanks so much.

Mr. BISHOP. Thank you, Ms. Pingree.

Mr. Newhouse, you are now recognized.

Mr. NEWHOUSE. Thank you, Mr. Chairman. Thanks for the second round.

Mr. Secretary, my State, particularly in central Washington, we are a significant producer of organic agriculture. And I just wanted to kind of add on to the thought process of Ms. Pingree and her questioning with the organic rulemaking and standard.

USDA has missed statutory deadlines to finalize the origin of livestock rule, a rule that is actually a legacy item under your previous tenure. And this is part of a troubling pattern.

Over the last 12 years, over 20 recommendations to update the organic standards have passed the National Organic Standards Board and USDA has not implemented a single one of those.

Congress has increased the National Organic Program's budget by at least 50 percent in the last 5 years and they now have more than 65 full-time staff.

And so my question is, do you have any information on why these standards continue to remain unresolved?

Secretary VILSACK. I think one of the things we have to do, Representative, is to lift up the Organic Program within USDA. We began that process in the Obama administration and I am committed to doing that in this administration. It is a value-added opportunity. It is one of those more, better, and new markets opportunities. I think there are a number of ways in which we can provide help and assistance.

You know, on the livestock rule, obviously, as time goes by things change. We changed several aspects of that rule and want to make sure that we have additional comment to make sure we are on the strongest legal basis and ground. But I think what you are going to see, some of those rules coming out in the not too distance future. Others we may have to start from scratch, as I indicated earlier. I don't know specifically.

To be honest with you, your question kind of surprised me, because we did put a lot of emphasis on organic when I was Secretary before, so I am surprised that we didn't improve any of those standards.

I would like to go back and ask the question why that is so, because I would have thought it was given the amount of attention and effort that we had in expanding crop insurance protection for organic and trying to protect the organic brand and all the other things that we did.

So I am not sure why we haven't followed through on those standards. We should have.

Mr. NEWHOUSE. I know you have been a strong supporter of the organics program overall. And so, yeah, would love to continue that conversation if you have a chance to look at that.

But, again, appreciate you being with us today, and look forward to continuing a strong working relationship.

And I will yield back my time, Mr. Chairman. Thank you.

Mr. BISHOP. Thank you, Mr. Newhouse.

I would like to now recognize Mr. Pocan from Wisconsin.

You are now recognized for an additional round.

Mr. POCAN. Great. Thank you, Mr. Chairman.

Mr. Secretary, sorry to do that speed round last time. I didn't know we were going to have a second round. That was the most impressive I have seen any secretary talk concisely on the answers, I just thought I would let you know, from eight and a half years here.

Let me just make a couple comments. Broadband. I helped form a bipartisan Rural Broadband Caucus. Anything we can do to help work with you on this, we would be interested.

Just 3 years ago I got broadband. We have been out there for 7, you know, up to that point. I got the deal, the half price sale at \$300 a month for 40 measured gigs and an hour on Netflix is 2.5 gigs. So often I would call my husband at the end of the month and tell him to quit watching TV when I was out here. At \$15 a gig beyond that, it gets a little pricey. So certainly understand and we want to work with you on that.

I completely agree with the full chair of the committee around the line speeds and the safety for the workers in the meatpacking industry. Not just what we saw happen in the last administration, but also with COVID, really illustrates that problem.

Completely agree on the SNAP benefits. You know, my freshman term we had a challenge, some of us, for a week lived on the 31.50 that we got. My office said I was an ornery SOB. A bag of oranges was 6 bucks, right, I mean, and you couldn't eat very healthy. I had ramen noodles and things like that to supplement it out.

The fact that we are basically flat leveled in real dollars means we have got to decrease the level of what people can spend money on. Completely agree if we could get that benefit up for people, best program to keep kids out of poverty. Would love to see that. I want to get that out just because, again, I really appreciated your answers.

My question, this is going to involve some of your other expertise too, is around dairy farms. You know, we lost in 2019, 818 family dairy farms in Wisconsin. Last year it was only one per day, over 350 farms in Wisconsin. This is tough.

And I am just wondering, what is your kind of vision for the future, specifically the dairy industry? And what can we be doing on this side for the family farmers? Because, you know, these people, many of them have had farms for generations. They are Democrats; they are Republicans, most of them are likely Independents, as I talk to them. This is a big concern.

Secretary VILSACK. Let me start with the traditional answer that you would get from a Secretary of Agriculture, the importance of exports. Obviously, it is important and necessary for us to continue

to expand the sale of dairy products worldwide so that we can stabilize the price and make sure that farmers can stay in business.

I think it is also important that we create opportunities for those dairy farmers to have local and regional markets, the ability to negotiate their own price, if you will, in terms of sales to schools, sales to universities, sales to any institutional purchaser.

And so supporting local and regional food systems. We just announced over \$300 million of support and help to local and regional food systems just yesterday as part of our outreach effort to try to create that alternative market.

And we can provide the ability of those dairy farmers to also add value to their products. Maybe it is a small cheese shop. Maybe it is an ice cream parlor. There are ways in which they can become processors as well as producers.

And then I will tell you climate has a tremendous opportunity for dairy. If you are essentially basically paying dairy for reducing methane or capturing methane and converting it into electricity and fuel, that is a new product.

If you are creating opportunities for that manure that is being produced on a dairy operation to become an ingredient instead of going to the landfill or being overapplied on land and causing some issues, if it can be an ingredient in a new material, a new chemical, a new fabric, a new fiber, a new fuel source, we need to be doing much more of that. It creates another revenue stream for farmers.

And then, frankly, you know, there is a lot of competition out there for consumption. And the dairy industry, I think, recognizes that and they are now looking for ways in which the ingredients within dairy can be segregated and utilized in a very high value way.

Whey protein, huge protein source. Can we convert more of that into more nutritious sport drinks and snacks and things of that nature that creates additional market opportunities for the dairy products?

So it is a combination of all of those things in order to provide the most effective way of keeping as many people on the farm as possible.

Mr. POCAN. We are also seeing some of the younger farmers go into organic and that has been successful for some. And also they are getting together and working through a single processor to make different types of cheese and, again, trying to address some of what you are talking about.

Thank you very much, Mr. Secretary.

Mr. BISHOP. Thank you, Mr. Pocan.

I think I would normally recognize Dr. Harris, but it is my understanding that Dr. Harris has no more questions. And if that is correct, I will then yield to Ms. Underwood for an additional round of questions.

Ms. UNDERWOOD. Thank you, Mr. Chairman.

Mr. Secretary, I wanted to follow up on WIC. Are you considering other actions beyond outreach to improve WIC, particularly with a specific focus on improving maternal health and addressing the Black maternal mortality crisis?

Secretary VILSACK. We are going to look. The resources that have been provided in the Rescue Plan, I think, create opportunities for

us to take a look at ways in which we can expand the impact of WIC.

Let me give you an example of one kind of partnership that might be available that we need to be thinking about.

There is an organization called Count the Kicks. It is an organization that basically encourages moms to count the kicks periodically, and if the kicks get below a certain number then it may indicate that there are some problems. And in minority populations, there are higher rates of stillborn babies than in White population.

And so this is an opportunity potentially for a collaboration between an organization like that and WIC to basically co-promote each other so that you are counting the kicks and having healthier babies being born and also providing those moms and those babies and children with more nutritious food at the beginning of life.

So I think there are ways in which we can look for those kinds of partnerships with organizations that have a mutual interest, if you will.

And I am certainly interested in your thoughts about how best to do that, ideas that you have from your congressional district that could be incorporated in that effort to try to find creative ways to make WIC more attractive, to make WIC more effective, to make WIC participation at higher rates.

Ms. UNDERWOOD. Yes, sir. I appreciate that.

I do just want to note that the stillborn and infant mortality and infant health issues are incredibly important, but so is what is happening to our moms and the fact that mothers continue to die at three to four times—Black mothers continue to die at the rate of three to four times than the White moms in our country in terms of maternal mortality.

And I think that the WIC program is a unique tool that we have, particularly to extend WIC coverage in the breast feeding and postpartum period.

And so we will certainly be following up with you on that. We do have legislation to that end, the Social Determinants for Moms Act. And I think that this is certainly part of an equity agenda that the Biden-Harris administration would support. And it is Black Maternal Health Week, so I had to make sure to cover that.

Now, I want to change, shift a little bit and bring your attention to a bipartisan bill that I introduced with Congressman Gallagher this week, the Farmers Fighting Climate Change Act. And this bill would support producers on the front lines of the climate crisis by establishing climate change mitigation bundles within the Conservation Stewardship Program.

I believe my bill fits in well with your ambitious climate change agenda at USDA, and I look forward to working with you to advance solutions that are fair to our farmers and have real impact on the climate crisis.

Thank you, Mr. Chairman.

And thank you, Mr. Secretary.

And I yield back.

Mr. BISHOP. Thank you, Ms. Underwood.

Ms. Wasserman Schultz, you are now recognized for an additional round.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman.



Mr. Secretary, I wanted to revisit Florida citrus and ask you about the Citrus Health Response Program, or CHRP, and the HLB MAC program, which are two critical programs in the fight to protect the U.S. citrus crop from disease.

Can you give us a status update on the work of these two important programs? And is there anything more you need from Congress for these programs to be successful?

We talked about citrus screening disease and other diseases that are continuing to ravage citrus crops in Florida and beyond, and I really want to see how we can continue to ramp up our efforts.

Secretary VILSACK. We have obviously worked collaboratively with State governments and local governments and other Federal agencies on the issue of citrus greening, in particular. As I said earlier, we have had over a hundred projects that have been funded through the MAC, and obviously some of them were beginning to see some indication of success. We have had an attract-and-kill device that has been particularly effective in trying to reduce the risk of the psyllid that causes citrus greening.

We obviously have to continue that effort and provide resources for that effort until we finally figure out how to end this scourge on the citrus crop.

I think we also have to take a look at—we have additional funding in the specialty crop pest and appropriated line item, and obviously additional resources will make a difference in terms of detection and in terms of management and therapeutics. All of that, I think. And I think there is a continued research effort that is also underway.

So a variety of things that we are trying to do in an effort to try to respond to this issue. But it is a tough one.

Part of what is interesting about coming back to the job that I had before is the expectation you are going to come back to new problems. But the reality is you come back to a lot of the old problems, and this is one of them, tragically.

Ms. WASSERMAN SCHULTZ. Yeah. Feels a little like Groundhog Day on this issue.

I also want to touch on the Animal Welfare Act and how the USDA implemented it and enforces it through the animal care program in the last administration.

In 2017, I think you know, the USDA abruptly pulled all of its animal welfare inspection reports and enforcement records from its searchable public website. Those records were only restored after we included language in the fiscal year 2020 approps bill to direct the agency to restore public access.

But there are still ongoing problems with the animal care program. For example, the agency completely stopped conducting inspections at licensed facilities in 2020, but they continued to provide licenses to new businesses without ever having visited the facilities. And they also appeared to substitute virtual inspections without providing any detail to Congress and to the public about how they be conducted.

Can you tell us how you and the USDA are going to examine what is happening in the animal care program so we can ensure that this part of the agency operates transparently and effectively?

And really, I want to just underscore that the agency needs to be able to carry out its role of ensuring animal welfare standards are met. And since the last administration [audio malfunction] Capacity to do that, double down and make sure that we can enforce that law.

Secretary VILSACK. Congresswoman, we had a glitch in technology. I think I got the gist of your question and I will try to respond to it.

Ms. WASSERMAN SCHULTZ. Okay.

Secretary VILSACK. First and foremost, I want to take a look at—you mentioned virtual inspections. I want to take a look at how many of the 5,620 inspections that took place in the last fiscal year were actually virtual and why, to make sure that those are, indeed, inspections as opposed to just simply a number.

And I think there is a Supreme Court decision that has complicated the efforts at the Department in terms of enforcement and assessing penalties. I want to make sure I understand fully and completely the impact of that Supreme Court decision and how we are going to respond to it to make sure that once we do an inspection, once we find a problem, that we can actually do something about it, and how we can do it in a way that is not subject to question.

This is an important area and it is one that—sometimes people take a look at the large programs at USDA. In the scheme of things, in terms of projects, it is a smaller program, but it has profound impact. And we will take animal welfare very seriously in this administration.

Ms. WASSERMAN SCHULTZ. Thank you.

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

Mr. BISHOP. Thank you, Ms. Wasserman Schultz.

Let me just say to the Secretary, we so gratefully appreciate your being so generous with your time. I think we are getting toward the end, but I do have one additional question I would like to pose to you. It is regarding the Equity Commission.

Last month you said that you were in the process of establishing an Equity Commission at USDA. We are all familiar with USDA's troubled history with minority farmers, especially Black farmers.

Can you tell us a little more about the Equity Commission and what you hope it will accomplish? And what can you do in the short-term and over the next few years to address this very longstanding problem?

You mentioned in an interview how foreign subsidies are partly to blame for the disparities. Do you plan on looking broadly at programs and their impacts on equity in advance of the next farm bill?

And, of course, the recently passed American Rescue Plan included \$5 billion to assist socially disadvantaged farmers and ranchers.

Can you give us an update on where you are in the implementation, who will get it, when they will get it, how will you go about allocating the funding? And will you allow for any input and collaboration in the establishment of the commission?

Secretary VILSACK. I appreciate the question. And we have been incredibly busy with limited staff trying to address as quickly as

possible the provisions of the American Rescue Plan that relate to socially disadvantaged producers and Black farmers.

As you know, we have for the first time ever in the Department a senior equity advisor, Dr. Dewayne Goldmon. He and the team at the Farm Service Agency are working diligently on the debt relief effort.

There are two classifications of debtors. There are those who have direct loans with the USDA. There are those who have guaranteed loans.

On the guaranteed side, one of the first things we did was to advise the banks not to take any action, adverse actions against producers who might have been delinquent or who might have been subject to foreclosure and indicated that if they were to take such action, USDA would enforce its capacity to take the loan back. And that would prevent any additional foreclosures, any additional evictions, if you will.

We are now in the process of accumulating from those guaranteed lenders information concerning the amount of prepayment penalties and other costs that might be associated so that we can accurately calculate the actual debt that is to be forgiven, which will have an impact on the 20 percent, as you know, Mr. Chairman, that goes to farmers to help assist them with the tax issues.

We want to make sure that we do everything we can to do two things. One, to make sure that nobody falls through the cracks. We have, I think, a fairly good list and a fairly good idea of how many people have direct loans and guaranteed loans, but that doesn't mean that it is infallible or that it is going to be perfect.

So we are going to align ourselves with community-building organizations in an effort to make sure that they are helping us identify anyone who might be eligible for this effort, for this relief, to make sure that when we provide the relief that it is as comprehensive as possible.

Secondly, when we provide the relief, there are tax consequences. There are Federal tax consequences, there may be State tax consequences. That is why the 20 percent was added.

And I might add that it is important for us to make sure that people are aware of that and that they receive the kind of technical advice necessary, especially if they are farmers, to be able to avoid paying any more tax than they absolutely have to.

There is a 3-year averaging program that is available to farmers that allows you to average your income over a 3-year period. So if you have a large sum of money in one year but not much income in the other 2 years, you can spread that large amount of money over that 3-year period, lowering your tax burden and hopefully falling within or close to the 20 percent that is being provided.

So we want to make sure that those who receive this help and assistance are aware of that, aware of the tax challenge that they may face and strategies for dealing with it. So we are trying to align ourselves and will align ourselves with organizations that provide information to folks who participate in this program.

So I can assure you that we are moving expeditiously on this. Our goal is to try to get these debts relieved as quickly as possible. Again, we have a pretty good handle on how many there are. We are now in the process of beginning to figure out where we do the

outreach to community-building organizations, how we send out information to those who will participate in this program so that they fully understand how it is going to work. That is all going to happen in a very, very short period of time.

The Equity Commission is a commission that we think has to be formed under FACA. So we will be going through that process, which will allow you and others to have input on nominations for that commission.

We see this as an external, expert-led review of various programs at USDA starting with those that are customer facing, where we have had the most significant issues with reference to program complaints. We expect that commission to do an external review to identify systemic barriers and to make recommendations for how we might be able to improve our programs.

While that is going on, the President has also signed an executive order requiring us to also do an internal review of our efforts, and that is also underway. Working groups have been established in every single area of USDA. Leads have been identified. Work is beginning on doing the internal equity review to make sure that we are also doing whatever we can do immediately to create a fair and more equitable USDA.

And I might comment on the subsidy issue, Mr. Chairman. I think it is important for people to understand what this is really all about.

This is about the cumulative effect of discrimination. If you were a Black farmer 20 years ago and you went into the FSA office, maybe you didn't get a loan or maybe you got the loan late, later than your White counterpart, or maybe you got a loan at an interest rate or charges that were higher. You couldn't plant your crop in a timely way. Your crop didn't produce as much as it might have produced for a White farmer who planted in a timely way because they got the full access of USDA programs.

Over a period of time, those disparities allowed farmers who got the full advantage to expand their operation, to get the latest technology. The Black farmer didn't have that advantage.

Now we have a situation where we have programs that essentially compensate farmers in times of need based on production. If your production is lower than your neighbors, you are going to get less.

We saw this in COVID relief. It is important to note this. There are several studies that indicated that of the COVID relief that has already been paid out, anywhere from 95 to 99 percent of it went to White farmers and somewhere between 1 and 5 percent went to socially disadvantaged farmers.

Of those who have identified, who have self-identified, we know that there is roughly 25 percent of farmers who self-identified as either White or Black. Of that number, farmers, Black farmers, received \$20 million of assistance; White farmers \$5.5 billion of assistance.

The gap grows wider. And so what we are trying to do with debt relief, what we are trying to do with the Equity Commission, what we are trying to do with the additional resources for market development and land access is to establish the opportunity for more farmers to stay on the land, for more farmers to get in the farming

business so that we have great diversity within our farming population.

I apologize for taking too long with that answer, Mr. Chairman, but it is a very important set of questions you have asked.

Mr. BISHOP. Thank you, Mr. Secretary.

Dr. Harris did not get to ask a second round, and I suspect that he may have an interest on that question. So I will yield to Dr. Harris for any additional questions that he might have.

Mr. HARRIS. Thank you, Mr. Chairman. Know that I listened intently to that.

My questions. One follow-up question on the estate tax issue is you didn't deal with the stepped-up basis, that that was one of the things that President Biden said that he planned to change in changing the estate tax. Obviously, stepped-up basis is very important for multigenerational farms.

And the other thing is just to make certain that when the USDA does broadband initiatives that they are qualifying the contractors appropriately, because we need to get this work done as soon as possible and the last thing we need to do is to deal with contractors who may not be able to—who give you a good bid, but they are not able to deliver. I mean, we need to have a deliverable on that.

So if you could address those two issues, stepped-up basis and the contracting for broadband.

Secretary VILSACK. I will certainly make sure that—and I am sure the Treasury folks fully understand this issue of stepped-up basis, but we will make sure that they understand it in the context of the farming community.

As a practical matter, the stepped-up basis matters intently if you have to sell the farm. Right? In other words, if I—my wife and I own a farm. The value has appreciated significantly over the period of time we have owned it. When we die, our sons basically get the farm. Under the current rules, they get a stepped-up basis. If they sold the farm the next day, they wouldn't pay any tax. But if they keep the farm, the stepped-up basis is not an issue. It only becomes an issue when and if you want to sell the farm.

And so there is an issue there. And I think there are some creative—there are creative thoughts that we can put into play as they mix and mingle and think about all of these issues. Happy to make sure that you know that we are reaching out and making sure folks understand and appreciate the potential impact on those farmers who decide to sell their land.

Those farmers who decide to keep the land and keep farming it, this is really, in a sense, the stepped-up basis doesn't have the impact because they are not going to pay any tax because they are going to keep the farm, they are going to keep farming the farm. So it is a specific subset of people within agriculture that could potentially be impacted and affected by this.

Mr. BISHOP. May I interject, Mr. Secretary, and if the gentleman, Dr. Harris, would yield.

This is an issue of very intense interest, particularly the American Farm Bureau has it at the top of their priority list. As we look at possible additional revenues for affording the infrastructure package, the estate tax is one that they are really, really afraid of and they have been pushing as a part of their agenda for years to

try to reduce it or eliminate it. And, of course, Dr. Harris raises a great question.

So I just hope that you will continue to consider the impact that it will have on family farms, as well as other small businesses, family-owned businesses I should say, because it could have a tremendous impact on keeping those entities in business.

Secretary VILSACK. Mr. Chairman, I think there will always be a debate and conversation about this, and it obviously depends on the level of exemptions that may or may not be available. Today I think it is roughly, what, \$11 million per couple, and there are not just that many farming operations that are above that number.

Of those that are, you also have special use valuation that allows you to reduce the value of your land. And of those who even after they reduce the value are still subject potentially to estate tax, there are ways in which that tax can be paid over a period of time where, frankly, the farm doesn't have to be sold and doesn't have to be lost.

So I think people have to understand it is a complicated issue. There are lots of different subissues involved with this that often-times don't get discussed because people think if there is an estate tax, then virtually every farm is going to be subject to it. That may or may not be the case depending upon the level of the exemption and depending upon what is done with special use valuation and what is done with the payment structure and time period that you have to pay any estate tax that is owed.

So I understand it is a difficult issue. I understand the Farm Bureau is very interested in this. I understand why these questions are being asked. But I think it is important for us, as we deal with this issue, that we understand the full range of what we are talking about and how few farms ultimately will be potentially impacted depending upon the level of, in a small business, depending upon the level of the exemptions.

Mr. BISHOP. Thank you, Mr. Secretary.

Dr. Harris, I usurped some of your time, and if you have additional questions, you may reclaim it.

Mr. HARRIS. No. Thank you, Mr. Chair.

Mr. Secretary, the concern is you don't always sell the whole farm. If the exemption is lowered enough, then the families would have to sell some of the farm, all of it, of course, subject to—or not subject to stepped-up basis.

So that is the issue there. It is not just black and white, you have to sell the whole farm or none. In the case of owing estate taxes, you might choose to sell some. So it is important even if you don't sell the whole farm.

But if you could just quickly address the broadband and what the Department is doing to make certain that we are getting this deliverable as quickly as possible.

Secretary VILSACK. Well, we took a look at the ReConnect program, understood the way it was structured. Very few communities would actually have benefited from the program, and those that would wouldn't necessarily have the upload and download speeds necessary to make it meaningful.

So we made adjustments to the program to make more communities eligible and to make sure that the service they get is meaningful.

Your point is well taken. In the interest of time, to get things done, you can't sacrifice quality. And so it will be necessary for us to make sure that as bids are being awarded, as grants are being awarded, that they are being awarded to folks that show the capacity and the capability of actually doing what they say they are going to do and a track record of being able to prove that they can do it.

Otherwise, we could subject ourselves to a lot of money being spent and a poor performance, resulting in no broadband and money spent, which is certainly not what we want.

Mr. HARRIS. Thank you, Mr. Secretary.

I yield back.

Mr. BISHOP. Thank you.

I understand that Mr. Fortenberry has no additional questions, and I think we have come to the end of our hearing.

And so I want to just thank you, Mr. Secretary, for your testimony, for spending almost 3 hours with us today. But I do say to you that perhaps this was not as much time as you spent the last time that you were on the Hill to testify with our authorizing committee.

But we are glad that you are back, bringing with you your deep knowledge of the Department and your invaluable experience to help lift up rural America and our farmers and ranchers.

I wish you the best of luck. And we look forward to working with you as we continue the fiscal year 2022 appropriations process.

Along with what we have discussed, we will also forward additional questions for the record and will appreciate your diligence in getting your responses to us and the staff in a timely manner.

At this time, I recognize Mr. Fortenberry for any closing remarks that he may have.

Mr. FORTENBERRY. Thank you again, Mr. Chairman.

And, Mr. Secretary, we are just really grateful for your impressive and thoughtful command of the full range of agricultural issues. It is a very complicated business, but it does show in its complications how this touches so much of America and how important it is. So thank you for being our messenger.

I do have two quick comments, Mr. Chairman. I won't make them questions so as to not violate what you imposed upon me a moment ago.

But just to point out to the Secretary, Mr. Secretary, it is my understanding that the NRCS doesn't allow animal and crop programs together. And obviously regenerative agriculture, some of the leading-edge regenerative agricultural dynamics require this. I want to put that on your radar screen. Maybe we can talk about that another time.

One other thing, Mr. Chairman, if you can indulge me, and the Secretary brought this up indirectly.

Look, we are living in the space of some contradiction here with our nutrition programs. Obviously food is nutrition, but food has to be health. Food is also medicine. So we are feeding more kids than

ever, but we have a thousand-fold increase in childhood diabetes. Things that we all need to work hard to address.

So, again, Mr. Secretary, thank you so much for your willingness to spend all this time with us.

Mr. Chairman, I really appreciate the opportunity to dialogue in, again, this thorough way with you and with the entire committee. Thank you for your leadership.

Mr. BISHOP. Thank you, Mr. Fortenberry.

And thank you to all the members for your attendance and your participation. I think it has been very, very helpful and enlightening. And let me also thank the staff who worked so hard to put this hearing together and for it to work out as smoothly as it has.

With that, again thank you, Mr. Secretary.

And this hearing is now adjourned.

[Material submitted for inclusion in the record follows:]



THE U.S. DEPARTMENT OF AGRICULTURE  
WITH SECRETARY TOM VILSACK ON THE YEAR AHEAD  
QUESTIONS FOR THE RECORD  
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING  
APRIL 14, 2021

QUESTIONS SUBMITTED BY CHAIRMAN SANFORD BISHOP

Pandemic Assistance for Producers (PAP)

Mr. Bishop: USDA has been looking at last year's Coronavirus Food Assistance Program. The Secretary has testified that only 1 percent of the funding from CFAP went to socially disadvantaged farmers and ranchers, and only 0.1 percent went to Black farmers. Why was the participation so disproportionate?

Response: The reasons behind those disproportionate CFAP payments are both complex and systemic. We know that systemic racism and discrimination were perpetuated against black farmers and other people of color, which kept those farmers from fully realizing the same level of prosperity and success as their white counterparts. That is part of the reason that black farmers today makeup a small percentage of all farmers and farmer with black operators tend to be smaller than farms overall, with fewer acres and lower sales. According to the last Census of Agriculture 7 percent of black operated farms had sales and government payments of \$50,000 or more, compared with 25 percent of all farms. However, that is not the only explanation for this disproportionate participation. The way CFAP was designed, a large portion of the funds went to producers based on their annual or historic acreage, and a large portion of that support was distributed to row crop producers. In fact, within CFAP2 nearly 50 percent of the payments were made to the producers of three specific row crop commodities.

In addition, USDA's traditional outreach efforts during COVID-19 were halted due to the pandemic. Employees initially were not fully prepared or equipped to conduct outreach activities virtually. In time, measures were enacted to provide virtual meeting platforms, however because several states lack a full-time outreach program, established relationships with producers and organizations who serve socially disadvantaged producers were not in place. On March 24, 2021, I announced that USDA will establish new programs and efforts to bring financial assistance to farmers, ranchers and producers who felt the impact of COVID-19 market disruptions. The new initiative, USDA Pandemic Assistance for Producers, will reach a broader set of producers than in previous COVID-19 aid programs. USDA is dedicating at least \$6 billion towards the new programs. The Department will also develop rules for new programs that will put a greater emphasis on outreach to small and socially disadvantaged producers, specialty crop and organic producers, timber harvesters, as well as provide support for the food supply chain and producers of renewable fuel. Existing programs like CFAP will fall within the new initiative and, where statutory authority allows, will be refined to better address the needs of producers.

Mr. Bishop: What should the previous Administration have done to better reach all farmers and ranchers who were hurt by the pandemic?

Response: The previous Administration would have benefitted from formal collaborations with stakeholder organizations who serve farmers and ranchers to provide outreach and technical assistance, as employees found it challenging to provide traditional outreach and assistance during the pandemic. Greater outreach to those stakeholder organizations could have helped the previous Administration to counter the fact that new and beginning farmers lack familiarity with the USDA programs, our urban farmers have less access to FSA county offices, those producers who have been historically underserved by USDA lack confidence in the support opportunities, and many others face barriers to participation such as language access or information access without access to rural broadband. In addition, the previous Administration should have identified gaps in previous pandemic assistance programs and made updates to the Coronavirus Food Assistance Program (CFAP) for contract producers of eligible livestock and poultry and for specialty crop and other sales-based commodities.

Mr. Bishop: The Inspector General reported during her oversight hearing in February that this program had the most hotline complaints last year and that her office is conducting investigations into possible fraud. What kind of mistakes did the last Administration make to result in these fraud complaints?

Response: In an effort to provide needed assistance to producers affected by the pandemic, the CFAP eligibility was based on the certification of commodities made by the program applicant. Because a number of the CFAP applicants were new customers, there were risks associated with the program's implementation. In an effort to ensure program integrity, the Farm Service Agency worked with the Agricultural Marketing Service to develop and implement new and more stringent producer spot checks.

#### Improper Payments

Mr. Bishop: Does USDA have any data on improper payments?

Response: The USDA Farm Service Agency (FSA) administered the delivery of the Coronavirus Food Assistance Program (CFAP) 1.0 to agricultural producers impacted by COVID-19 outbreaks from May 26, 2020 through September 11, 2020. The CFAP 1.0 program had a total of 654,447 applications filed with over \$10 billion in payment disbursements as of March 29, 2021.

Through a partnership with USDA's National Agricultural Statistics Service (NASS) and the use of their statistical sampling method, FSA created a national spot check review process. After all payments under CFAP are made, FSA will be conducting a National Spot Check Review to evaluate FSA's administration and the producers' documentation in support of their self-certification application for the CFAP 1.0 program from November 3, 2020, through February 5, 2021. The initial analysis will be completed by October 31, 2021, and it will be determined at that time if additional reviews are necessary.

### The Future of the USDA Broadband Program

Mr. Bishop: We see that the “skinny budget” includes a proposed increase of about 10 percent in the Re-Connect program, which is welcome. But the administration has also proposed providing \$100 billion for broadband proposal in the infrastructure plan. How do these two proposals fit together?

Response: Reaching 100 percent availability of affordable, reliable, and future proof broadband requires an all-hands-on-deck approach, with members of the Federal family each playing an important role. It will take considerable resources to close the digital divide, and we see these proposals as complementary and necessary to help reach that goal.

Rural Development has a unique mandate to finance infrastructure projects in rural areas and Tribal lands, and we bring that important mission to our Federal government’s overarching strategy to close the digital divide. USDA is home to five programs that fund broadband infrastructure and access, and collectively, our programs would receive around \$2 billion in funds under the infrastructure plan to deploy broadband infrastructure in rural America. The remaining broadband funds included in the plan would go to Federal partners that have a different focus and will work on a different aspect of closing the digital divide.

The fiscal year 2022 discretionary request reflects the need for ongoing ReConnect funds to continue our mission of closing the digital divide in rural areas. Funding will be needed for continued upgrades, maintenance, and expansion of broadband infrastructure, and programs like ReConnect will continue to play an important role once the infrastructure has been deployed.

### Key Goals for USDA

Mr. Bishop: When Secretary Vilsack testified in front of this subcommittee in March 2009, he stated that President Obama had three key goals for USDA – improving the health and welfare of America’s children and increasing their access to more nutritious food; expanding the capacity of farms and ranches to produce alternative forms of energy; and pursuing research necessary to allow agriculture to transition away from its dependence on fossil fuels. What goals do the Secretary and President Biden have for USDA?

Response: Our top priorities for USDA are containing the pandemic; advancing racial justice, equity, and opportunity; responding to a mounting hunger and nutrition insecurity crisis; rebuilding the rural economy, strengthening and building new and better markets for farmers and producers; and addressing climate change with climate smart agriculture and forestry.

### Nutrition Programs Modernization

Mr. Bishop: The pandemic exposed the critical need for food assistance all over the country. We’ve all seen images of long lines of cars at food distribution sites and read story after story about families not having money to put food on the table. Our subcommittee worked hard over the last year to make sure resources and flexibilities were included in COVID supplemental bills for nutrition programs. Recently, we’ve seen proposals to make some of these provisions

permanent, including increased SNAP benefits and free school lunch for all kids. What is USDA's position on these proposals?

Response: USDA's nutrition assistance programs are far-reaching, powerful tools to ensure that Americans have access to healthy, affordable food. USDA and State and local partners have built on the strength of these programs to ensure that Americans can access nutritious food safely. I applaud Congress for recognizing the need and acting quickly to bolster nutrition assistance in five legislative packages; providing USDA with authority to adapt programs to serve struggling families safely, as well as new programs and resources to address unmet needs. USDA pivoted to meet the moment, using these resources to ensure children and low-income individuals in need have access to nutritious food.

We have certainly learned a lot from the COVID response and have a lot to reflect on and consider. We are committed to evaluating lessons learned across our COVID response to inform future policy, and there is a lot we can learn from the experience with flexibilities provided during the pandemic about how best to provide nutrition assistance to those in need. We look forward to working with Congress to bring those lessons to bear as we build back better.

Mr. Bishop: Since returning to USDA, the Secretary has talked a lot about food security and nutrition security, and what he calls "the transformation of the food system". What kind of changes do we need to make to ensure people have enough nutritious food, especially during emergencies?

Response: The Administration is committed to building food systems that support the health of all Americans, combat climate change, and address the needs of the most vulnerable by empowering youth, women, and disadvantaged communities. This includes a strong focus on increased access and affordability of healthy diets for all Americans, with special emphasis on rural, remote, and underserved communities. It aims for food systems that support health with access to healthy and affordable food.

Through the Build Back Better Agenda, which builds on the provisions of the American Rescue Plan, the Biden Administration has proposed advancing nutrition security through robust investments in child nutrition programs. The plan would ensure children who receive free and reduced priced lunch during the school year will receive resources to purchase food during the summer months. The plan would also expand the national school meal programs to allow more high-poverty schools to provide meals free of charge to all of their students; breaking down barriers for students who may be eligible for school meals but may not apply for them due to stigma or not fully understanding the application process. The Build Back Better Agenda also proposes significant investments in agricultural research and climate-smart agriculture.

Mr. Bishop: Is USDA working on a legislative proposal for the 2022 budget, or the child nutrition reauthorization, or the next farm bill?

Response: Several legislative proposals are included in the 2022 budget for child nutrition, Women Infant and Children (WIC), and Supplemental Nutrition Assistance Program (SNAP). These proposals invest in the health and well-being of the current and next generations while expanding nutrition access, including in the event of a disaster.

#### Outreach to Socially Disadvantaged Farmers and Ranchers

Mr. Bishop: At a hearing in February, the subcommittee discussed with Inspector General Fong USDA's need to improve outreach efforts to ensure that programs reached the intended participants, especially socially disadvantaged farmers and ranchers. This has been a top management challenge identified by the Office of Inspector General going back to 2013.

Ms. Fong indicated that OIG has conducted audit and investigative work in this area since the 1990s. Her suggestion for addressing this challenge is:

"I think one thing that is essential is for tone at the top to be established where the Department takes a strong position on what its expectations are and then to implement that tone at the top throughout the program areas in the Department."

Does USDA have a plan to get this issue off the OIG's Management Challenge list in the near future and if so, how?

Response: This USDA Administration is committed to establishing the tone from the Secretarial level through appointees at the national, regional, and state levels. As State Executive Directors are onboarded into their new roles, outreach education with historically underserved producers and stakeholder organizations will be implemented at the field level. In order to effectively respond to this challenge, funds are needed to consistently implement full time outreach programs in states and counties. Currently only 23 states have full time outreach programs targeted to socially disadvantaged communities, and the Secretary is committed to ensuring that all states and territories have full-time outreach programs. Outreach education and technical assistance must be made a Departmental and agency requirement nationally to impact socially disadvantaged program participation. History repeatedly shows outreach and education weaknesses that have not been addressed and keeps historically underserved producers from having an improved understanding of and equitable participation in the full range of USDA programs and services. Therefore, the Department is committed to making outreach and education a priority and to ensure that each agency has a full-time outreach program established to implement the equity initiatives of this Administration.

#### Pandemic Assistance for Producers Initiative

Mr. Bishop: In late March, the Secretary announced the USDA "Pandemic Assistance for Producers" initiative that he said "will help get financial assistance to a broader set of producers, including to socially disadvantaged communities, small and medium sized producers, and farmers and producers of less traditional crops." The initiative includes at least \$6 billion of new money, including unspent balances from the previous Coronavirus Food Assistance Programs. USDA data shows the top 10 percent of farmers in the country received 60 percent of CFAP payments, and the bottom 10 percent received 0.26 percent.

How will USDA allocate funding to meet the goal of reaching those groups that did not get assistance in the previous programs? When will the first checks go out the door?

Response: Because payments are based on the ownership interest a producer has in the commodity for which assistance is being requested, it was predictable that larger farming operations would receive a significantly higher percentage of the payments. In order to minimize impacts, payment limitations have been established. The Pandemic Assistance for Producers (PAP) will be developed by engaging and listening to all stakeholders and providing additional outreach to all groups that we serve, with a focus on the under-served through education and outreach opportunities using cooperative agreements. The PAPs will be implemented by multiple USDA agencies throughout 2021, with payments beginning in the late spring. The Farm Service Agency will establish partnerships and direct outreach efforts intended to improve outreach for PAP and will cooperate with grassroots organizations with strong connections to socially disadvantaged communities to ensure that they are informed and aware of the application process.

#### Relending Program (Heirs' Property)

Mr. Bishop: Heirs' property is an issue that over the last century has stripped millions of acres of farmland, and thus significant wealth, from Black families. This is a particularly common, and severe, problem for minority communities in the South that lacked access to legal resources. The 2018 Farm Bill authorized the Heirs Property program, or more formally the Relending Program, to help resolve ownership and succession on farmland that has multiple owners. The Ag Appropriations bill has funded that program the last two fiscal years. Also, part of the \$1 billion provided in the American Rescue Plan to support socially disadvantaged farmers is designated for issues related to heirs' property.

First, can USDA provide an update on this new program, and any stakeholder engagement that has been done to date?

Response: USDA has a two-tiered engagement plan for this program. The first is targeted to potential lenders who wish to apply to become an intermediary for the re-lending program.

After re-lenders are selected and awarded funding, the second engagement tier will be targeted at actual heirs who may be eligible to apply to the intermediaries for assistance. The Farm Service Agency plans to enter into national cooperative agreements with organizations to assist with program outreach to guide heirs to the selected re-lenders for assistance.

Mr. Bishop: And second, how will the funds from the American Rescue Plan be used and when?

Response. The USDA Farm Service Agency (FSA) will soon announce loan payments for eligible borrowers with qualifying direct farm loans under the American Rescue Plan Act section 1005. The official Notice of Funding Availability will be published in the Federal

Register and USDA expects payments to begin in early June and continue on a rolling basis. A subsequent notice addressing guaranteed loan balances and direct loans that no longer have collateral and have been previously referred to the Department of Treasury for debt collection for offset, will also be published.

#### Social, Economic Wellbeing and Health of Rural America

Mr. Bishop: Rural communities are home to millions of Americans representing diverse backgrounds and include some of our most vulnerable populations. The American Rescue Plan provides opportunities to address the health and economic consequences brought on by the pandemic, as will the American Jobs Plan if it is enacted. We have an opportunity to be transformational. How can we seize this moment and make sure rural America recovers stronger and more resilient?

Response: We are using the American Rescue Plan (ARP) to ensure that rural American recovers from the COVID19 pandemic and becomes more resilient. USDA's ARP investments are focused on ensuring a safe and resilient food supply chain, nutritious food access for millions of Americans including underserved communities and schools; supporting workers and producers in rural communities; and targeting racial justice and equity throughout all of our activities.

Investments in the American Jobs Plan would strengthen and create jobs in rural communities. These investments would provide critically needed funding for activities including watershed and flood prevention operations, increased drought resiliency, water infrastructure, main street revitalization grants, biofuel support, transition rural co-ops to clean energy, the net-zero ag technology initiative, rural housing, manufacturing credit programs, and the rural partnership program.

#### Vaccinations for Farmworkers

Mr. Bishop: Many states have been slow in making farmworkers eligible for the COVID vaccines. This population is especially vulnerable to the virus, given their working and living conditions and more than 500,000 farmworkers have been infected. What efforts has USDA undertaken to find a solution to this problem?

Response: The U.S. Bureau of Labor statistics estimates the agriculture work force to be approximately 1.2 million workers. These are persons employed on farms, not employed in the food processing industry. The USDA does not have safety enforcement capabilities or responsibilities for any part of the farmworker labor force. That authority resides at the Department of Labor (DOL), so we respectfully defer this question to DOL for a response. USDA has encouraged Service Centers to post pro-vaccination signage and encourage customers to be vaccinated.

#### Inclusion in Climate Work

Mr. Bishop: The history of racism and exclusion of minority voices is shared by both agriculture and the environmental movement. As leaders in these two fields come together to

mitigate climate change through agricultural innovation and best management practices, how is USDA and the Biden administration ensuring that communities of color – especially Black farmers – have a seat at the table, and benefit from programs and policies created through work on this priority?

Response: The USDA National Institute of Food and Agriculture (NIFA) provides capacity (i.e., formula-based) and competitive grants to invest in and advance agricultural research, education, and extension to solve societal challenges. Capacity grants provided only to Land-Grant institutions, help build capacity and promote inclusiveness. NIFA administers several capacity programs that can mitigate climate change. The respective state directors are responsible for being responsive to their state's stakeholders needs and they are expected to promote inclusiveness of diverse communities, including communities of color. NIFA conducts state visits for periodic civil rights compliance reviews of the programs.

NIFA Capacity Programs for 1862 Land-Grant Institutions:

- Smith-Lever Act of 1914 and related programs to support climate-related extension work at state cooperative extension services.
- Hatch Act of 1887 to support agricultural research at state agricultural experiment stations.
- McIntire-Stennis Program to support forestry research at 1862 and 1890 institutions.

NIFA administers several capacity programs targeted for 1890 Historically Black Land-Grant Institutions. These programs include:

- Evans-Allen Research Program to support agricultural research at 1890 institutions.
- 1890 Extension Program to support climate-related extension work at 1890 institutions.
- 1890 Facilities Grants Program
- NIFA Capacity programs for 1994 Tribal Land-Grant Institutions
- Tribal College Equity Grants - supports formal education at these Schools.
- Tribal College Extension - supports informal, community-based learning such as farmer education, youth development and rural entrepreneurship through grants to 1994 Land Grant Universities and Colleges.
- Native American Institutions Endowment Fund – builds educational capacity at these Institutions.

NIFA also administers competitive programs to support advancement of climate science and education. While most of these programs have eligibility open to all institutions, some are targeted to minority serving institutions. The Agriculture and Food Research Initiative (AFRI) is NIFA's flagship competitive grant program that advances research, extension, education, and workforce development. An aspect of AFRI that promotes inclusivity are the Food and Agricultural Science Enhancement (FASE) Grants, designed to help underrepresented institutions develop competitive strengths. The Strengthening Grants from FASE are limited to:

- (1) small and mid-sized or minority-serving degree-granting institutions that previously had limited institutional success for receiving Federal funds; or
- (2) State Agricultural Experiment Stations or degree-granting institutions eligible for USDA Established Program to Stimulate Competitive Research funding.



The Beginning Farmer and Rancher Development Program (BFRDP) is a competitive program that supports education, mentoring, and technical assistance for beginning farmers and ranchers. BFRDP's primary goal is to increase the number, success, and sustainability of beginning farmers and ranchers in the United States by providing knowledge, skills, and tools needed to make informed decisions. Competitive grants are provided to collaborative state, tribal, local, or regionally based networks, or to partnerships of public or private entities. From 2009-2020, BFRDP has made over 550 awards totaling more than \$250 million, with at least one project has been funded in every state. The BFRDP has a legislatively set goal of five percent of funds to serve socially disadvantaged farmers and ranchers. In FY21, 31 percent of BFRDP funding was awarded to serve socially disadvantaged communities, including farmers and ranchers of color.

The nation has experienced broken supply chains and limited access to food because of disruption brought on by the COVID-19 pandemic and extreme events caused by climate change. The Community Food Projects Competitive Grant Program addresses food insecurity through developing community food projects that are designed to increase food access in socially disadvantaged communities. These grants are intended to help eligible private nonprofit entities that need a one-time infusion of federal assistance to implement multipurpose community food projects. The projects address entire food systems to increase self-reliance of low-income communities and enhance access to fresher, more nutritious foods. Successful projects promote comprehensive responses to local food, farm, and nutrition issues. They also help to provide lasting experiences to develop local food systems that can help to mitigate climate change.

NIFA administers several competitive programs targeted for 1890 Historically Black Land-Grant Institutions. These programs include:

- 1890 Institution Teaching, Research and Extension Capacity Building Grants (CBG) Program
- Scholarships for Students at 1890 Institutions (1890 Scholarships) Program
- Centers of Excellence at 1890 Institutions (1890 COEs) Program.

A new program in support of all Historically Black Colleges and Universities is:

- Agriculture Business Innovation Center to facilitate administration, coordination, and management of multidisciplinary and multi-institutional, teaching, outreach, and integrated projects within the scope of agriculture and business.

NIFA competitive programs in support of tribal communities are:

- Tribal College Research - builds scientific capacity and supports student involvement in research at the 1994 Land Grant Universities
- New Beginnings for Tribal Students – supports land-grant universities and colleges to provide resources to increase the retention and graduation rate of Tribal students.
- Federally Recognized Tribes Extension Programs supports land-grant universities and colleges to provide extension services in tribal communities.

NIFA administers several competitive grant programs to address the needs of Alaska, Pacific and other Insular region communities. The purpose of all these programs is to promote and strengthen the ability of these Land Grant Institutions to carry out education, applied research, and related community development programs. Priority will be given to those projects that

enhance educational equity for underrepresented students; strengthen institutional educational capacities; prepare students for careers related to the food, agricultural, and natural resource systems of the United States; and maximize the development and use of resources to improve food and agricultural sciences teaching programs.

The Hispanic Serving Institution Education grant program is intended to promote and strengthen the ability of Hispanic-Serving Institutions to carry out higher education programs in the food and agricultural sciences. Programs aim to attract outstanding students and produce graduates capable of enhancing the Nation's food and agricultural scientific and professional work force.

In support of our priorities, NIFA has expanded programmatic leadership to promote collaboration among all institutions and expand opportunities and access to NIFA programs for the underrepresented communities. These efforts include greater outreach to minority serving institutions, increased support for collaborative projects that broaden participation, and listening sessions to identify the needs of diverse audiences.

In addition, USDA is focused on ensuring that our Climate Smart Agriculture and Forestry strategy works for all farmers, ranchers, forest landowners, and communities. We are seeking out ways to strengthen consultation and engagement with Tribes and socially disadvantaged communities and producers and identifying opportunities for broader inclusivity within USDA programs that will support climate mitigation and innovation. We must also look for ways that we can remove barriers to participation and adoption for those best management practices as well.

#### Targeting Climate Mitigation Practices

Mr. Bishop: Many 'climate-smart' agricultural practices provide multiple ecosystem services beyond carbon sequestration, such as erosion control and the reduction of nutrient runoff, which has benefits for water quality and the prevention of harmful algal blooms. Has the USDA given any thought to geographically targeted investment in agricultural best management practices to maximize both the climate and water quality benefits of practices implemented?

Response: USDA knows that agricultural producers and rural communities are on the frontlines facing the effects of the climate crisis. More intense and more frequent precipitation events can generate more runoff, more discharge, and increased flood risks. All of these are water quality conservation concerns, and implementing climate smart conservation practices, including nutrient management practices, can help to address some of these concerns. Many of the same practices that provide benefits to address the climate crisis, including greenhouse gas emission reductions and carbon sequestration, also provide enormous benefits for water quality.

The USDA Natural Resources Conservation Service (NRCS) has identified an initial list of 33 conservation practices for climate smart agriculture and forestry. These conservation practices address a multitude of soil, water, air, plant, and animal natural resource concerns. Cover Crop, as an example, helps build soil quality, which reduces soil erosion, improves water quality, mitigates greenhouse gases, improves plant composition and structure through weed suppression,

and helps improve wildlife habitat. Virtually all initial climate smart agriculture and forestry conservation practices have similar beneficial impacts to multiple natural resources.

NRCS deployed a new information technology (IT) application, Conservation Assessment and Ranking Tool (CART), for use by over 2,400 field office personnel to integrate conservation planning and program delivery efforts. CART utilizes more than 180 geospatial layers nationally; and more than 3,100 geospatial layers at the state level and local level to help target conservation investments where the needs are greatest in a consistent and scientifically defensible fashion.

For example, a soil vulnerability index geospatial layer that provides NRCS's soils database for all conservation planners; is augmented by a Conservation Assessment Practice Points (CAPP) database that numerically quantifies existing conditions on any given site; and estimates the impact of conservation practices planned for that same site. The Agency can then estimate the benefit to 47 natural resource concerns across 7 land uses with more than 170 conservation practices simultaneously. This database enables NRCS to employ efficiency metrics to ensure the highest benefit for conservation investment is realized, including targeting appropriate climate smart and water quality benefits.

We achieve targeting by weighting the importance of national priorities for natural resource concerns, while allowing for locally led input through Local Work Groups and State Technical Committees. Under these scenarios, specific geographic areas are determined by State Conservationists with State Technical Committee input using the consistent frame of reference described above. In addition to locally led conservation, NRCS also has a number of national landscape initiatives to target conservation investments for larger geographies, including water quality. These include but are not limited to the Great Lakes Restoration Initiative, Mississippi River Basin Health Watershed Initiative, National Water Quality Initiative, Water Smart Initiative, and others. We also provide national coordination for other landscape investments related to water quality that include the Western Lake Erie Basin, Lake Champlain, and the Chesapeake Bay Watershed.

#### QUESTIONS SUBMITTED BY REP. CHELLIE PINGREE

##### Composting as a Conservation Practice

Ms. Pingree: Following up on my question from the hearing regarding the FY21 report language (H. Rept. 116-446), please provide an update on any efforts at NRCS to include the use of compost in conservation programs.

Response: The USDA Natural Resources Conservation Service (NRCS) works to update existing practice standards and add new ones to ensure these reflect the latest science. Existing standards are reviewed at a minimum of every five years to adopt and incorporate the latest science, research, and technology. Interim standards are used when States wish to introduce a new practice and following an evaluation period and feedback from use in the field, can be transitioned to a permanent practice standard. In addition to interim practice standards, new

practices can be established by NRCS's Science and Technology Deputy Area. Practices are edited and revised internally before going to the Federal Register for public comment. Once comments are integrated or addressed, practices are published in the national Handbook of Conservation Practices. Additionally, NRCS works to develop payment schedules that support the new or revised practice standards.

NRCS has four primary conservation practices related to this purpose, and one conservation enhancement:

1. 316 – Animal Mortality Facility
2. 317 – Composting Facility
3. 368 – Emergency Animal Mortality Facility
4. 808 – Soil Carbon Amendment (includes scenarios for compost and biochar)
5. E384A – Biochar Production from Woody Residue

Since 2017, NRCS has planned these practices with producers almost 2,700 times and our clients have installed these practices 1,758 times as of today. The Agency has invested \$64.2 million for this purpose and paid out \$41.6 million to date. These conservation practices have been installed in 44 of the 48 contiguous states, including 18-times in Maine for the 36-times they have been planned.

Additionally, other relevant enhancements include:

- On Farm Composting of Farm Organic Waste
- Using Nitrogen Provided by Legumes, Animal Manure, and Compost to supply 90 to 100% of Nitrogen needs
- Using Nitrogen Provided by Legumes, Animal Manure and Compost to supply 100% of the Nitrogen needs

Further, the following practices use compost as a component in conservation planning:

Compost	332	Contour Buffer Strips
Compost	342	Critical Area Planting
Compost	371	Air Filtration and Scrubbing
Compost	381	Silvopasture
Compost	386	Field Border
Compost	395	Stream Habitat Improvement and Management
Compost	412	Grassed Waterway
Compost	422	Hedgerow Planting
Compost	512	Pasture and Hay Planting
Compost	560	Access Road
Compost	561	Heavy Use Area Protection
Compost	575	Trails and Walkways
Compost	600	Terrace
Compost	601	Vegetative Barrier
Compost	614	Watering Facility
Compost	808	Soil Carbon Amendment

Interim Practice 808 is available to all States to adopt and includes different scenarios for compost and biochar application. In total 18 States and the Pacific Islands Area and the Caribbean area adopted the practice in fiscal year 2021.

Ms. Pingree: Additionally, what is the status of the interim conservation practice on soil carbon amendments (808)?

Response: The Soil Carbon Amendment practice aids producers in addressing soil health related resource concerns through the application of compost, biochar, or other natural carbon byproducts. The practice became fully available for use in fiscal year 2021 and thus far, the practice has been adopted by: California (CA), Colorado (CO), Connecticut, Delaware (DE), Idaho, Illinois, Indiana, Massachusetts (MA), Maryland (MD), Michigan, Montana (MT), Nebraska (NE), New Hampshire, New Jersey (NJ), New York (NY), Oregon, Utah (UT), Vermont (VT), Wyoming (WY), the Pacific Islands Area (PIA), and the Caribbean Basin Area).

Both Maine and Arkansas have adopted 808 for fiscal year 2022.

Our enterprise analysis has revealed that we have seen the practice implemented in 13 instances on 180 acres in CA, UT, and VT. In addition, there have been a total of 1,032 instances planned on 19,600 acres in CA, CO, DE, MD, MA, MT, NE, NJ, NY, PIA, UT, VT, and WY.

The interim practice is being transitioned to a permanent, national practice that will be available to all States by fiscal year 2023.

#### Organic Livestock and Poultry Practices Rule

Ms. Pingree: I appreciated your commitment to prioritize finalizing the Organic Livestock and Poultry Practices Rule. I understand that there were some flaws related to the economic analysis that must be addressed to move forward with the rule, but I was concerned by your comment that the Department plans to “start from scratch.” Is the Department just revisiting the economic analysis, or are there also policy issues related to the rule that are being reconsidered? If so, what are these specific policy questions and why are they being reopened at this late stage in this process?

Response: The Organic Livestock and Poultry Practices rule has a long regulatory history, and USDA understands its policy importance to the organic community. The National Organic Program has initiated a rulemaking process for an Organic Livestock and Poultry Practices rule. The new proposed rule will begin with the provisions in the original final rule, including the proposal to disallow the use of porches as outdoor space in organic production over time. AMS will update the economic analysis to ensure that any errors in previous rulemaking processes are corrected. USDA welcomes public comments on the new proposed rule, and after reviewing the comments, we expect to proceed with a final rule.

## PFAS Research

Ms. Pingree: What research, both intramural and extramural, has USDA funded regarding PFAS uptake by crops and food-producing animals, PFAS tolerant crops, PFAS remediation methods, and other topics related to PFAS and agriculture?

Response: The USDA National Institute of Food and Agriculture (NIFA) provides funding through competitive grant programs and capacity grants to support research, education, and extension projects focusing on effects of per- and polyfluoroalkyl substances (PFAS) on food safety as well as on the distribution, transport, fate, and bioavailability of PFAS in the environment, including the impact of PFAS on plants and soil organisms. NIFA also supports education and extension activities to develop undergraduate and graduate courses and outreach to farmers.

Supported projects and goals include:

Effect of PFAS on Food Safety: Conduct the first systematic survey of PFAS present in both domestic and imported packaged foods. Build a database of the types and origins of packaged foods that are available in both national supermarket chains and local international food stores. Test food packaging samples for their potential to impart PFAS to foods and to identify which PFAS are present and at what quantity. Test the types of PFAS present in these food packaging samples (at the concentrations detected) for their potential to accumulate in the human body and to cause toxic effects.

Effect of PFAS on the Environment:

- 1) Conduct a PFAS survey in agricultural ecosystems that have been irrigated with recycled municipal wastewaters for a long term to understand how environmental factors and farming practices affect the distributions and transport of PFAS in agroecosystems and to identify the best management practice to reduce their risk in food crop productions. Greenhouse experiments will be used to examine the effects of irrigation methods on the transport of PFAS and factors of plant species and earthworms. Determine the capability of organic amendments in adsorbing PFAS.
- 2) Studies are also in progress to develop an improved understanding of how vegetables and grain crops take up PFAS from soil and water, including soils amended with biosolids.
- 3) Evaluate the impacts of dietary PFAS on the developmental cycle of the beet armyworm by evaluating gene expression and hormonal changes in larvae. Monitor PFAS concentrations in irrigation water and plant tissues on selected farm sites on the Delmarva Peninsula. Develop outreach materials for an annual small farm conference, with integration of findings into undergraduate and graduate courses.
- 4) Evaluate the fate and bioavailability of PFAS from biosolid-amended agricultural soils to better assess the potential risk of the land-application of biosolids to ecological and food safety. Greenhouse and field sampling studies will be used to determine if PFAS from biosolid-amended soils are available for bioaccumulation in plant roots and tissues where

they may potentially enter the food chain. Develop best management practices of biosolid waste disposal and associated risk management plans based on trade-offs and communicate to stakeholders. This project will also include mentoring K-12 students and undergraduate researchers, developing undergraduate and graduate learning modules, and outreach to stakeholders.

- 5) Studies are being conducted to increase our ability to measure PFAS contaminants in water and how PFAS move in soil and groundwater. Evaluate errors from various sampling methods and chemical analysis methods and develop a water treatment method to destroy these contaminants and convert them into nontoxic chemicals.

Effect of PFAS on the Environment and Human Health: A multi-state study involving 12 land-grant universities and the Metropolitan Water Reclamation District of Chicago will examine the fate and transport of trace organic contaminants (with an emphasis on PFAS) and pathogens in residues, reclaimed water, and amended soils to assess the environmental and human health risk-based effects of their application at a watershed scale. Evaluate the capability of residues and wastewaters to improve soil physical, chemical, and biological properties. Compare management practices that provide accurate nitrogen and phosphorus application rates, ameliorate heavy metal and arsenic contaminated soils, reduce greenhouse gas emissions, increase carbon sequestration, identify beneficial microbial communities, and promote plant drought tolerance. Develop strategies to minimize the presence and/or mobility and bioavailability of PFAS in biosolids- and waste-based fertilizer products. Project impacts include: Improved mechanistic understanding of transformation of contaminants in residuals and reclaimed waters and in amended soils; their plant and human bioavailability; and human health risk and exposure associated with contaminants.

Competitive Grants (Agriculture and Food Research Initiative):

- 1) Mapping Potential Human Exposure to Per- and Polyfluoroalkyl Substances (PFAS) from Domestic and Imported Food Packaging. University of Pittsburgh
- 2) Identifying Effective Farming Practices to Reduce Risks of Per- And Polyfluoroalkyl Substances (PFAS) in Food Crop Productions. Clemson University
- 3) Fate and Bioavailability of Emerging Micropollutants from Biosolid-amended Agricultural Soils. Purdue University

Competitive Grants (1890 Capacity Building):

Understanding per and polyfluoroalkyl substances (PFAS): occurrence, fate and transport in plants and their impact on plant-insect interactions. University of Maryland Eastern Shore

Capacity Grants:

- 1) Environmental Fate of Chemicals of Emerging Concern: Implications to Ecosystem Services and Food Safety. Michigan State University. (Hatch)
- 2) Contaminant Transport and Remediation Research to Mitigate Groundwater and Agriculture Impacts of Per- and Polyfluoroalkyl Substances. New Mexico State University. (Hatch)
- 3) W4170: Beneficial Use of Residuals to Improve Soil Health and Protect Public, and Ecosystem Health. Western Region Project W4170: University of Arizona, Colorado State University, University of Florida, University of Kentucky, MWRD of Chicago, Michigan

State University, The Pennsylvania State University, Texas A&M, Virginia Tech, University of Nebraska, University of Minnesota, Washington State University, Kansas State University. (Hatch Multistate Research)

In fiscal 2021 the USDA, Agricultural Research Service (ARS) funded \$1 million in PFAS intramural research. Ongoing PFAS research includes the following:

ARS researchers are investigating the potential for PFAS uptake by forage plants. ARS scientists have conducted studies and are working with the USDA Food Safety Inspection Service to evaluate the presence of PFAS in forages to address the potential for subsequent cattle exposure via consumption. These studies have been conducted primarily with a dairy herd in New Mexico.

ARS researchers are investigating PFAS metabolism in animals. ARS is conducting research to determine the absorption, distribution, metabolism, and excretion of emerging and legacy chemicals (such as PFAS) in food animals.

ARS researchers are investigating the fate of PFAS in agroecosystems.

ARS is studying the distribution and transport of PFAS in agroecosystems and identifying best management practices for reducing the risk of their appearance in food production systems when recycled municipal wastewater (or reclaimed water) is used for irrigation, especially in semi-arid regions. One potential outcome of this research will be the development of a science-based model describing potential impacts of PFAS under different management when using reclaimed water in agroecosystems.

ARS researchers are investigating food packaging material as a potential source of PFAS in food.

ARS is assessing food packaging as a potential source of PFAS contamination, both from direct migration into food during product use, and from potential re-entry into the food system via the packaging waste cycle.

#### Crop Insurance

Ms. Pingree: A small wild blueberry farm in my district was able to access crop insurance via a multi-year written agreement, but after two years of weather-related closes had their policy abruptly canceled due to a high cumulative excess loss ratio. I'm concerned that problems like this will only become more frequent in the face of climate change. How is USDA planning to maintain and expand access to crop insurance for nontraditional customers and crops in the face of an ever-increasing likelihood of climate change induced losses?

Response: The USDA Risk Management Agency (RMA) is devoted to expanding crop insurance to ensure the program is meeting the diverse needs of American agriculture. In order to address specialty and organic crops, including perennial crops, RMA developed the Whole Farm Revenue Protection program, which covers all commodities under one insurance policy. The insurance plan provides revenue coverage for all of the crops a producer grows, even if there is not individual coverage offered in the county. The policy helps producers that diversify their



crops to manage risk associated with climate change obtain crop insurance coverage. In addition, RMA recently announced a new Micro Farm Policy, which is part of the Whole Farm Revenue Protection program but targeted toward small producers that serve local and regional food systems. The Micro Farm Policy removes record requirements that are required in the Whole Farm Revenue Protection program which smaller producers found to be onerous. The new Micro Farm Policy covers expenses routinely incurred to get products to market, as well as provides coverage for value added products. RMA also developed another policy, Production and Revenue History (PRH), with specialty crop growers in mind. Currently, PRH is available for strawberries, but RMA is looking to expand to other crops in the coming years.

Further, RMA has a devoted Specialty Crop Coordinator who works along with specialty crop liaisons in each of RMA regional office, as well as regional stakeholders, to expand crop insurance options for specialty crop growers. RMA would welcome a discussion about recent efforts and the specifics of the referenced written agreement.

Ms. Pingree: What consideration is being made for the unique circumstances of perennial crops like wild blueberries, where poor weather conditions one year may have yield impacts in future seasons?

Response: Generally, for specialty crops, RMA provides a yield exclusion option, which is available for years where production was very low due to natural disasters or extreme weather. The option allows a producer to exclude yields from their production history when calculating yields used to establish their crop insurance coverage, helping provide better coverage for future years. RMA would welcome discussing this option or any other suggestions your office may have to improve producer coverage.

#### Access to USDA Programs

Ms. Pingree: The USDA offers farmers many grant and loan opportunities, but many of these opportunities require the farmer to navigate a complex application process and provide a sizable non-federal match. This effectively restricts funding to those who already have enough resources and capacity to successfully apply and creates a significant barrier to the majority of farmers, especially small farmers, who have off-farm jobs and lack the time or the resources to navigate these processes. While I understand that some matching requirements are defined in statute, what is the USDA doing to simplify these processes and ensure that all farmers have access to USDA resources?

Response: Currently, Farm Loan Programs (FLPs) provide credit to over 125,000 farmers and ranchers through the direct and guaranteed loan programs. Providing agricultural producers reliable and equitable access to credit is critical. In November 2021, Farm Loans plans to launch a comprehensive review of statutory and regulatory barriers to program participation, including identifying training for employees and producers or other organizations, opportunities to enhance technical assistance and the use of third parties, and gaps in data collection and analytics that need to be addressed to better understand customer needs.

The following examples highlight some additional program and operations efforts that we are directing at ensuring access to credit.

Flexible Loan Terms:

Farm Loan Program (FLP) loan terms are some of the most flexible loans available to agricultural producers and are essential for customers with limited financial resources to access credit. Reduced interest rates and extended repayment terms allow for the establishment of new farming operations, maintenance, and expansion of existing farms, as well as the preservation of farms during challenging circumstances such as natural disasters or economic downturns. Comprehensive loan servicing options, including loan restructure, are also available for existing borrowers who require additional flexibilities to maintain their operations.

Targeted Funding:

A core mission of USDA is ensuring equitable service to all customers. Central to achieving this mission and removing barriers to credit access is our emphasis on delivering statutorily required targeted FLP funding for beginning farmers and historically underserved socially disadvantaged producers. Robust outreach efforts, coupled with targeted funding for beginning and socially disadvantaged farmers, have proven outcomes. In fiscal year 2021, these targeted producers accounted for over two-thirds of new FLP loans. There was \$3.3 billion in credit distributed to beginning farmers. There was \$1.14 billion in credit distributed to historically underserved borrowers, an increase of 5 percent over fiscal year 2020.

Online Tools:

While maintaining a strong local presence is vital to continued success, FSA realizes the growing demand for self-service tools for an increasing technologically savvy customer base. In response, the Farm Service Agency (FSA) has deployed an online loan wizard tool that walks potential customers through the FLP loan programs, ultimately narrowing for the customer the specific loan products that may be of interest given their circumstances. The user receives information tailored to their needs as well as contact information to reach their local FSA staff. Second, FSA has developed an online loan status tool for existing customers that enables the FLP borrower to access detailed information about their loan account.

A third tool is in the initial stage of development: A loan readiness preparation tool will guide customers through the process of submitting a complete application. The guide, which is being developed in both print and digital formats, will take customers through each step of the direct loan application process and will include interactive components to enhance the user's experience.

Program Enhancements:

The FSA continually seeks improvements to existing program requirements to expedite delivery and ensure loan products are available that satisfy customer demand. The implementation of the microloan program in 2013 is an example of FSA's commitment to develop significant program improvements to ensure equitable access to credit for all producers, including those whose smaller size historically hindered their ability to obtain credit. The successful implementation of the microloan program, which has reduced application requirements, has served as a catalyst for other recent program enhancements that simplify processes for customers, including the

expansion of the streamlined loan process, simplification of the annual account review process, and flexibility in repayment margin requirements for certain loan making and servicing actions.

The FSA will continue to analyze and promote regulatory and legislative program enhancements that remove barriers and improve delivery. Items currently being analyzed for consideration include the modification of loan limits and term limits, expanded use of FLP funds, and increased options for customers seeking financing to facilitate succession planning and generational transfers.

USDA has expanded its outreach efforts and invested in additional staff to work directly with existing and potential new partners to broaden the scope and reach of Conservation Reserve Enhancement Program (CREP) and the Conservation Reserve Program (CRP) by increasing participation from all eligible partners, including Tribal and Non-governmental Organizations. Specific enhancements include outreach to partners will be made more effective and efficient through better processes and three Regional CREP Managers will be hired to work with new and existing CREP partners in the Eastern, Middle, and Western regions of the country to expand customer service and engagement on the program.

USDA National Institute of Food and Agriculture (NIFA) primarily leverages grants through other research, education, and Cooperative Extension organizations to service producers. For instance, grants through the Sustainable Agriculture Research and Education program, reach farmer and rancher sub-awardees through a tailored and simplified process to conduct farmer-led, on-farm research often in partnership with Extension professionals or land grant university graduate students. We continue to look at our programs and evaluate their success and hurdles. When asked for technical assistance for particular programs, we highlight challenges with match and provide suggestions on how to address the issue.

USDA Rural Development (RD) works to ensure that relevant program opportunities are available and accessible to all agricultural producers. To improve program visibility, RD engages in a variety of outreach activities including attending in-person outreach activities, hosting webinars, videos and leveraging stakeholder partnerships to broaden awareness of programs. While some program requirements may be viewed as complex, RD works to make templates, toolkits and other resources available to assist applicants navigate the application process. Additionally, the agency supports multiple technical assistance programs and several of these programs can be used by partners to support applicants identify and apply to programs.

#### Seafood COVID Relief

Ms. Pingree: I greatly appreciate the outreach USDA has already done to the seafood sector in Maine regarding the implementation of both the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act, which provide for loans and grants to seafood processing facilities and vessels to adapt to COVID-19 as well as seafood purchases. As USDA moves forward with the programs established under these laws, how will USDA ensure that seafood companies have genuine and equal access to these loans, grants, and purchasing programs?

Response: Based on USDA outreach efforts and experience administering other grant programs, implementing the loans and grants to seafood processing facilities and vessels activity program will be developed by USDA to ensure that seafood companies have equal access to this assistance per the language in the Consolidated Appropriations Act of 2021.

#### Small Meat and Poultry Processors

Ms. Pingree: The Consolidated Appropriations Act, 2021 provided \$60 million for grants to meat and poultry processing establishments to help them attain federal inspection or participate in Cooperative Interstate Shipment (CIS). The American Rescue Plan Act also provided for the reduction of FSIS overtime fees for small and very small federally inspected processing establishments for FY21-30. When can these establishments expect to see a funding announcement for these grants?

Response: The Agricultural Marketing Service (AMS), the agency responsible for administering the referenced grants, is expected to publish a Request for Applications for the Meat and Poultry Inspection Readiness Grant (MPIRG) in June 2021 with the MPIRG application period closing in August 2021. Soon after that, applications are being evaluated by a panel of independent peer reviewers. AMS plans to announce the fiscal year 2021 MPIRG awards in fall 2021.

AMS will competitively award grants to facilities operating under state-inspection or facilities currently conducting only operations exempt from federal inspection, to assist them with facility upgrade and planning grants to obtain a Federal Grant of Inspection (GOI), or to operate as a State-inspected facility that is eligible to ship interstate under a Cooperative Interstate Shipment (CIS) program. The maximum award amount for grant awards is \$200,000. AMS and the Food Safety and Inspection Service (FSIS) have established a working group regarding the implementation of this provision.

In the American Rescue Plan Act, enacted on March 11, 2021, Congress provided FSIS with \$100 million in budget authority to reduce the costs of overtime inspection for small and very small official meat and poultry establishments and egg products plants. FSIS will implement this provision by reducing overtime and holiday inspection fees for small establishments by 30 percent and very small establishments by 75 percent. The availability of the funding will be detailed in a Federal Register Notice, which is expected to be published in July 2021.

Ms. Pingree: When can they expect to see overtime fee relief?

Response: Establishments should receive overtime relief in August 2021. The relief will include reduced fee for service and credits for bills they received going back to October of 2020.

#### Hemp Testing Requirements

Ms. Pingree: The final rule on “Establishment of a Domestic Hemp Production Program” requires that all testing occur at a DEA-registered laboratory after December 31, 2022. Currently, USDA’s database of these facilities lists zero DEA-registered laboratories in Maine, and only

one facility in all of New England. Further, laboratories that have the capabilities to conduct this testing may be precluded from DEA registration if they provide testing for Maine's legal recreational and medical marijuana industries. How will USDA ensure that adequate testing facilities are available before the effective date of this requirement?

Response: USDA works closely with the Drug Enforcement Administration (DEA) to help expedite the registration process for hemp testing laboratories. Many of the existing testing facilities in New England test marijuana for State recreational and medical programs. DEA is unable to register these facilities since marijuana remains illegal at the Federal level. Hemp producers routinely mail samples to DEA registered laboratories in other States if there are no testing resources nearby.

#### QUESTIONS SUBMITTED BY REP. LAUREN UNDERWOOD

##### Conservation Technical Assistance

Ms. Underwood: Recognizing the importance of expanding support for farmers in their efforts to mitigate and adapt to climate change, I introduced the Farmers Fighting Climate Change Act, which seeks to improve the ability of farmers to use the Conservation Stewardship Program (CSP) to address climate change. CSP has mandatory funding provided by the farm bill but that program relies on Conservation Technical Assistance (CTA) funding for on-the-ground staff capacity at Natural Resources Conservation Service (NRCS) offices, and that funding is provided through annual appropriations bills.

On-the-ground capacity at NRCS continues to be a limiting factor for conservation implementation, and an increased investment in CTA will give NRCS the ability to build local capacity at NRCS offices in Illinois and throughout the rest of the country. The information contained in the President's request for FY22 discretionary funding released April 9 does not contain any details on proposed investments in CTA, the backbone of USDA conservation programs. Secretary Vilsack, could you tell us more about what you think is the right level of investment to ensure NRCS has the on-the-ground capacity to continue and expand their work with farmers in addressing the climate crisis?

Response: Conservation Technical Assistance (CTA) is the backbone of the Natural Resources Conservation Service's (NRCS's) conservation delivery system, which is why our FY22 budget requests \$43 million increase for CTA. NRCS will continue to pursue efficiency gains, and future investments will be commensurate with financial assistance increases and are paramount to the delivery of NRCS conservation assistance. Since 2004, conservation investments in the form of financial assistance to NRCS clients has grown significantly from \$1.3 billion to nearly \$4.1 billion in 2020, a fourfold increase, and this does not count the more than \$6 billion in Farm Service Agency conservation investments NRCS is tasked with supporting using CTA.

We know that CTA is essential to our ability to get conservation on the ground and work with farmers, ranchers, foresters, and landowners across the country. NRCS is working to expand its

capacity through innovative partnerships, efficiency gains and hiring. We will also continue to work closely with Congress to secure funding that reflects the demand and financial assistance that the Agency needs to deliver benefits to the public.

Increased CTA investments are also essential to expand outreach for historically underserved producers, as well as the expansion of science, research, and technology updates to implement conservation investments.

QUESTIONS SUBMITTED BY REP. ROBERT B. ADERHOLT

#### USDA Business & Industry Loan Guarantees

Mr. Aderholt: The Business and Industry loan guarantees help commercial lenders provide affordable financing for rural businesses. This improves the quality of life in rural communities and helps meet the business and credit needs of under-served rural areas. This program enhances access to much-needed capital by rural businesses, including working capital to prevent, prepare for or respond to the effects of the coronavirus pandemic under the B&I CARES Act Program loans. My understanding is that the demand for Business and Industry program loans has accelerated since the onset of the pandemic and the introduction of the One RD Rule that harmonizes the rules for multiple rural development programs.

Can you provide a status update about demand for Business & Industry loan guarantees and how this has compared to previous years?

Response: The table below displays a status update for Business & Industry (B&I) loan guarantees and how this has compared to previous years.

[The information follows:]

Fiscal Year	Total Loan-Level Funding Available by Fiscal Year	Obligation	Number of Loans
FY 2018	\$1,223,736,585	\$1,223,359,284	346
FY 2019	1,373,512,966	1,304,601,412	337
FY 2020	1,578,067,267	1,333,343,333	295
FY 2021*	2,214,483,690	1,741,716,092	338

\* Entries for fiscal year 2021 are current year to date, as of September 20, 2021.

\* RD projects fiscal year 2021 end of year obligations will exceed \$2 billion.

Mr. Aderholt: How does USDA plan to meet this demand without slowing down approvals or having creditworthy borrowers turned away?

Response: USDA has taken steps to meet the increased demand for the B&I loan program. Recent regulations ushered in a new process in which all loans are only approved by one loan Committee, whereas in the past, a single loan could go through multiple levels of approval. The new process combines the old multiple levels into one process and retains the approval authority limits as the old process did. We believe this new approach is speeding up the Agency's approval process for lenders and borrowers. USDA is confident that the steps taken to meet the increased demand without slowing down approvals or turning away creditworthy borrowers has been effective. The Agency implemented the new OneRD Guaranteed Loan Program.

An important aspect of the new OneRD Guaranteed Loan Program is increased training for Agency staff processing B&I guaranteed loans. In Fiscal Year 2022, USDA plans to sponsor training for no fewer than 300 employees with comprehensive commercial underwriting training. We believe these training opportunities will build capacity and increase efficiencies, resulting in timelier program delivery.

We anticipate duplicating this successful effort in the coming fiscal year through our streamlined processes and the increased training that has been outlined above.

Mr. Aderholt: Of the programmatic resources for Business & Industry loan guarantees in FY21, what percentage of the funds have been implemented?

Response: The Agency anticipates successfully obligating 100 percent of the fiscal year 2021 appropriated funding and associated projects.





TUESDAY, APRIL 20, 2021.

**FOOD, NUTRITION, AND CONSUMER SERVICES, USDA**

**WITNESS**

**STACY DEAN, DEPUTY UNDER SECRETARY, FOOD, NUTRITION, AND CONSUMER SERVICES, FNS, USDA**

Mr. BISHOP. As this hearing is fully virtual, I now call it to order.

Let me first begin by addressing a few housekeeping matters. For today's hearing, the chair or staff designated by the chair may mute participants' microphones when they are not under recognition for purposes of eliminating inadvertent background noise. Members are responsible for muting and unmuting themselves. If I notice that you have not unmuted yourself, I will ask if you would like the staff to unmute you. If you indicate approval by nodding, staff will unmute your microphone. I remind all members and witnesses that the 5-minute clock still applies.

If there is a technology issue, we will move to the next member until the issue is resolved, and you will retain the balance of your time. You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn yellow. At 30 seconds remaining, I will gently tap the gavel to remind members that their time is almost expired. When your time has expired, the clock will turn red, and I will begin to recognize the next member.

In terms of the speaking order, we will follow the order set forth in the House rules beginning with the chair and ranking member, then alternating between majority and minority. Members present at the time the hearing is called to order will be recognized in order of seniority, between majority and minority. Members not present at the time of the hearing will be recognized according to their appearance.

Finally, the House rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing at any of our hearings and markups. That email address has been previously provided to your staff. Last reminder, please ensure that your video is turned on at this time.

Well, let me just say good morning and welcome to today's hearing on USDA's Domestic Nutrition Assistance Programs. Testifying before the committee today is Stacy Dean, the Deputy Under Secretary of Food Nutrition and Consumer Services. Ms. Dean, although, you have only been on the job since January 21, you have a profound understanding of USDA's Domestic Nutrition Programs, stemming from your work at the Office of Management and Budget and later at the Center on Budget and Policy Priorities.

Your work directing CPPP's food assistance team, which publishes frequent reports on which we in Congress rely very heavily,

telling us how Federal nutrition programs with their families and your having work to develop policies to improve the delivery of health and human services programs at the State and local level has not gone unnoticed. You have certainly hit the ground running, and I thank you for being here to discuss the latest developments and opportunities and challenges ahead.

FNS is responsible for overseeing 15 domestic nutrition assistance programs that comprise the Nation's nutrition safety net. Each year members—millions of our most vulnerable population rely on these programs to feed their children, put a good, healthy meal on the table. The past year, with millions out of work, school, we saw just how vital these programs are.

COVID-19 and the resulting economic fallout disrupted life for everyone. And for tens of millions of people, it greatly exacerbated hunger and food insecurities. In many cases, programs such as the Supplemental Nutrition Assistance Program SNAP, or the Emergency Food Assistance Program, TFAP was a difference between having food or missing a meal. For some, it was their first time needing assistance. To me, it underscores the absolute necessity of continuing to invest and improve these programs.

It is worth taking a moment to look at SNAP and TFAP to understand the magnitude of the crisis. Before the pandemic hit, there were around 38 million monthly SNAP participants. In September 2020, there were nearly 43 million SNAP participants. And to date, the pandemic EBT has helped 16.8 million children. For fiscal year 2021, we provided an additional \$80 million for the Commodity Supplemental Food Program, a program that supplements the diets of low-income seniors. And from several COVID-19 supplements, Congress has appropriated more than \$1.2 billion for TFAP.

I am sure we all remember seeing pictures and news reports of people waiting in miles-long food lines or food banks. While these images are jarring, and it is essential to remember that behind these pictures are real families that are trying to figure out just how they are going to make it through the day, tomorrow, and the week ahead.

To its credit, FNS has issued more than 4,000 program waivers and flexibilities to adjust to local needs and maximize access to all eligible families. This includes the nationwide extension of several waivers that allow all children to continue to receive nutritious meals this summer when schools are out of session through September 30, 2021.

I was also glad to see that USDA recently increased emergency SNAP benefits for 25 million people. In my home State of Georgia, that makes an additional \$38.8 million in monthly benefits, which would make a measurable difference in people's lives.

I am also looking forward to hearing your thoughts on WIC, pandemic EBT, the SNAP Online Purchasing Program, and nutrition assistance in the Territories, also, the Farmers to Families Food Box Program. I would like to hear your explanation of the Secretary's decision to end it as well as your thoughts on the Food Purchase and Distribution Program that has assisted American farmers and ranchers who are negatively impacted by trade policies.

As you can tell, there is a lot to discuss today, and I again want to thank you, Deputy Under Secretary Dean, for being with us, and I look forward to our discussion.

Now, let me ask my distinguished ranking member, my partner in this endeavor, Mr. Fortenberry, if he will give any opening remarks that he cares to give. And for that purpose, I will recognize you, Mr. Fortenberry, at this time.

Mr. FORTENBERRY. Thank you so much, Mr. Chairman, not only for your friendship but your important leadership. Particularly, in topics like this. This is the largest, by far, part of the USDA budget. And we cannot overlook this as we are dealing with all the structural issues facing our country.

Mr. Chairman, I am happy you invoked the image of food banks as you were giving your opening remarks. One of the more jarring images for me during the height of the pandemic, actually, in early stages when it was beginning to surge was the visit I paid to one of my local food banks. They had actually moved it outside, and there were a line of cars a quarter mile long. Some of the people that were there I was told they used to serve food, now they are asking for our help.

And so, again, I appreciate, Mr. Chairman, us working vigorously last year with the Department to basically establish the programs in which we provided the food—the supplemental food boxes as well as other initiatives so that we weren't wasting food at that time.

Ms. Dean, good morning, congratulations on your new position. I will move right into several key topics that I would like you to address. This hearing today really evokes a paradox because it is one that faces our wealthy Nation. Our extraordinary natural resources, our ingenuity, our technological prowess, all of these things have allowed us to provide among the most abundant, low-cost nutritious and extraordinarily diverse array of foods in the entire world.

The average American spends less than 10 percent of their income on food. Our farmers are so productive that we can even afford to export billions of dollars in food aid every year. All good things. And yet, we also know that some Americans still face hunger. The core question is how is that possible?

Second, I think we should examine the metric for success at USDA's 15 or more nutritional programs. USDA manages feeding programs for every stage of life, from prenatal children to senior citizens. We spend over \$120 billion in the SNAP program. But as I said to—I asked Secretary Vilsack last week, food is nutrition, food is also health, food is also medicine. The question then becomes we feed people, but do we feed people well, especially when we experience a thousand-fold increase in childhood diabetes, for instance. What is wrong? We have spent and spent. Hunger has been reduced, thankfully, but yet at the expense of health.

Finally, let us look at the subset of our programs that from my perspective, I believe, is a part of a transformation or way of thinking to meet the multiple objectives of both food and nutrition, support for farmers and local economies, and inspiration for the next generation of agricultural producers. It is called the Farm to School

Program. I am proud to have regularly advanced this initiative in Congress and helped to refine it as we continue to promote it.

Last year, I visited one of my local elementary schools—actually, it was before the pandemic—and participated in what is called a crunch-off. So the people who are managing this program, filtering it all the way down to the elementary school level are very dedicated and enthusiastic to introduce to children healthy, fresh, locally grown foods.

The crunch-off in this case was taking apples from the local region and biting into them on a countdown. One little child held up the apple and said, “Is this apple real?”

So it shows how we have got a huge opportunity to continue to educate kids, grow local economies, connect the farmer through the family through our school system, and this is an important program. More than 23 million students at 47,000 of America’s schools have participated in the Farm to School Program.

So it is an important priority and, again, I think one of those small programs that has the potential to be scale to grow the outcomes that we need to see of completely holistically integrating both food as nutrition and even possibly food as medicine.

Thank you so much, Mr. Chairman. Ms. Dean, I look forward to your comments.

Mr. BISHOP. Thank you, Mr. Fortenberry. It is my understanding that our chair, Ms. DeLauro, nor our ranking member of the full committee, Ms. Granger, neither is going to be in attendance. They have got some other responsibilities with some other subcommittees this morning.

So at this point, I think it is appropriate for us to introduce and to call on our witness, Ms. Dean. And I would appreciate very much if you would move forward with your testimony. And I now yield the floor to you, Ms. Dean.

Ms. DEAN. Thank you, Chairman Bishop, and Ranking Member Fortenberry. I am Stacy Dean, Deputy Under Secretary for the Food Nutrition and Consumer Services at USDA. And I really appreciate the opportunity to speak with you all today about FNS’ COVID response.

The COVID–19 public health and economic crisis has caused unprecedented hardship, as the chairman noted, making it difficult for many to afford food and keep a roof over their head. Today, an estimated 25 million adults and 6 to 10 million children are struggling to get enough to eat, with communities of color hit particularly hard.

The Biden administration has taken a whole of government approach to addressing such hardship. Upon taking office, President Biden directed every Federal agency to help Americans in the pandemic script. Congress had already enhanced FNS’ ability to adapt our programs and response to the pandemic, and we are grateful for that, but more needed to be done. So let me share three examples of our administrative efforts.

First, as you noted, we strengthened pandemic EBT to help low-income families make up for missed schools when schools are closed, increasing benefits by about a dollar a day per child, and our new guidance simplified to EBT implementation. Today, 35 States and Territories have approved the EBT plan to serve more

than 20 million children. We are working hard to help other States and Territories launch their own programs. We addressed a major gap in SNAP emergency allotment policy that resulted in little or no help to some 25 million program participants who are the least able to absorb COVID's economic shocks. Starting this month, all SNAP households will receive at least an extra \$95 a month in help.

And this morning, we announced needed flexibilities for child nutrition programs for the next school year, so that we can ensure that we are supporting a strong school reopening and feeding kids safely with healthy nutritious meals.

In addition to these administrative actions, President Biden proposed, and Congress just passed, the American Rescue Plan, providing significant new nutrition assistance. Just 5 weeks after enactment, the rescue plan is already helping families. In shelters that participate in the Child and Adult Care Food Program, the USDA now reimburses meals to homeless youth between the ages of 18 and 24.

States are increasing WIC's cash value vouchers, more than tripling fruit and vegetable buying power for women and children. And States will receive over a billion dollars in administrative funds to help them meet increased demand for SNAP and to increase sufficiency and access in the program. Territories are building their plans to utilize the additional \$1 billion Congress provided to help them serve hard-hit families.

Now, looking ahead, the rescue plan will also extend pandemic EBTs through the summer and the duration of the public health emergency, and it extended the 15 percent boost in SNAP benefits that were slated to end in June through September. And that is about \$100 a month for a family of four. It helps families purchase the food that they need, and it also supports farmers and producers who receive 15 cents out of every SNAP dollar.

So USDA—and here I really want to highlight the amazing staff. My team at FNS have worked tirelessly to respond to the nutrition crisis. But we know that doing the work—just doing the work isn't evidence of a successful response. That is why we are building assessment into all of implementation efforts. We want to integrate lessons learned going forward, including the need to communicate early and often, offer broad flexibilities instead of individual and thousands of waivers, and address the way emergencies exacerbate longstanding inequities and service delivery in excess. Early signs suggest that our efforts are working. The latest census data suggests a drop in food hardship. It is a hopeful indicator that we will monitor closely.

And while our focus has been the immediate COVID response, we are also looking ahead. As the President says, we must act boldly now to build a better tomorrow. And here are just three quick examples of our plans. First, we are working to ensure SNAP benefits can support healthy eating. For years, experts have argued that SNAP benefits do not reflect the realistic cost of a basic healthy diet, undermining participants' ability to buy and prepare healthy food.

As the farm bill directed us, we are reevaluating the Thrifty Food Plan to ensure it meets that standard. Second, we will work

to improve maternal and child health outcomes across racial and ethnic lines and administration priority through WIC.

WIC is a proven intervention, and yet the share of eligible families receiving its benefits have declined over the past decade to only just more than half. We are going to invest rescue plan resources in better connecting WIC to healthcare and program improvements for best outreach and innovation and service delivery, all with the goal of improving equity and reducing health disparities.

And third, we will prioritize nutrition security in each program. And I know the Secretary spoke to you about that. That includes incorporating the latest dietary guidelines where appropriate and strengthening nutrition education efforts.

I am very eager to work with the subcommittee as we strengthen the programs to respond to COVID and for the future. Thank you, and I very much look forward to your questions.

[The information follows:]

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on Appropriations

**Statement of Stacy Dean  
Deputy Under Secretary for Food, Nutrition and Consumer Services  
United States Department of Agriculture  
Before the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies  
Committee on Appropriations, U.S. House of Representatives  
April 20, 2021**

Mr. Chairman, Mr. Ranking Member, members of the Subcommittee, thank you for the opportunity to testify today. I am Stacy Dean, Deputy Under Secretary of Agriculture for Food, Nutrition and Consumer Services. Prior to joining USDA, I worked for over twenty years on improving the federal nutrition programs at the federal and state level at the Center on Budget and Policy Priorities (CBPP). It is an honor to be able to bring my experience working on legislation, budget, administrative and operational issues to the Biden Administration.

My testimony will focus on the COVID-19 crisis – the disruption it caused and the extraordinary efforts by Congress, USDA, and the heroes across the country to respond, the lessons we learned, and our plans to build back better and strengthen the nutrition safety net.

On top of the tragic loss of life as a result of COVID-19, we have seen devastating economic effects in lost jobs, closed businesses, and falling incomes. While no one was untouched, those with the least capacity to weather the crisis were hit the hardest. And the hunger crisis was one of the pandemic's most insidious effects. At its peak last December, households with as many as 30 million adults and 14 million children reported that they did not have enough to eat, and food insecurity disproportionately impacts communities of color. Black and Latino adults were roughly three times as likely as white adults to report that their household did not get enough to eat. Adults who identify as American Indian, Alaska Native, Native Hawaiian, Pacific Islander, or multiracial, taken together, were more than twice as likely as white adults to report that their household did not get enough to eat. These differences stem from longstanding racial disparities in food security, poverty, employment, health, and other measures of well-being, and must be addressed to ensure an equitable recovery.

**USDA's Response to COVID-19**

USDA's nutrition assistance programs are far-reaching, powerful tools to ensure that Americans have access to healthy, affordable food. USDA and State and local partners have built

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on the strength of these programs to ensure that Americans can access nutritious food safely. I applaud Congress for recognizing the need and acting quickly to bolster nutrition assistance in five legislative packages—providing USDA with authority to adapt programs to serve struggling families safely, as well as new programs and resources to address unmet needs. USDA pivoted to meet the moment, using these resources to ensure children and low-income individuals in need have access to nutritious food. The table below shows obligations in FY 2020 for key nutrition assistance programs, including both base appropriations and resources Congress provided in COVID-relief legislation.

<b>Obligations in Selected FNS Programs (Dollars in Thousands)</b>		
	<b>FY 2019</b>	<b>FY 2020</b>
<b>SNAP Benefits</b>		
Regular Appropriation - Base Benefits.....	56,013,324	58,835,944
CARES Act - Emergency Allotments.....	0	15,510,000
<b>Total, SNAP Benefits.....</b>	<b>56,013,324</b>	<b>74,345,944</b>
<b>TEFAP</b>		
Regular Appropriation.....	298,454	162,919
FFCRA.....		220,343
CARES Act .....		391,013
Section 32 Bonus funding.....	403,245	716,234
Trade Mitigation.....	1,059,329	1,129,817
<b>Total, TEFAP.....</b>	<b>1,761,028</b>	<b>2,620,326</b>
<b>P-EBT Benefits</b>	<b>0</b>	<b>12,647,000</b>
<b>Child Nutrition Meal Reimbursements</b>		
Regular Appropriation.....	23,582,332	14,736,927
CARES Act.....		7,038,590
<b>Total, CN Meal Reimbursements.....</b>	<b>23,582,332</b>	<b>21,775,517</b>
<b>Food Distribution on Indian Reservations</b>	<b>139,915</b>	<b>187,997</b>
<b>Puerto Rico/CNMI/American Samoa Nutrition Assistance</b>	<b>2,045,598</b>	<b>2,258,053</b>
<b>WIC</b>	<b>5,905,901</b>	<b>5,971,238</b>

*The Supplemental Nutrition Assistance Program (SNAP):* SNAP, the Nation's largest nutrition assistance program, is designed to grow automatically when economic conditions worsen, so it is not surprising that SNAP participation increased by almost 4 million between March and April. The challenge was to meet the sudden increase in demand as public health concerns forced changes in SNAP operations. USDA worked with States to implement administrative flexibilities provided in the Families First Coronavirus Response Act (FFCRA) to reduce physical contact, including waiving in-person interview requirements, verifying identity electronically, extending certification periods, and using simplified approaches for signatures. However, USDA initially approached these flexibilities as month-to-month waivers and denied some State requests in the



summer of 2020. Recognizing the challenge this presented, in October Congress extended and allowed States to use most of these flexibilities for up to six months without needing USDA approval. Most States are continuing to leverage State options created by Congress to meet the needs of participants and minimize public health risks.

Through FFCRA, Congress authorized supplemental emergency SNAP allotments up to the maximum benefit level. In December, Congress increased SNAP benefits by 15 percent for all households and expanded SNAP eligibility to college students qualifying for work-study programs and those who are financing their own education. And we took steps to make it easier for participants to use benefits safely. At the start of the pandemic, USDA redoubled its efforts to expand SNAP online purchasing to allow more recipients to buy groceries online. More than 97 percent of SNAP households across 47 States and Washington, D.C. now have access to online purchasing.

*Food Banks and Food Distribution:* Food distribution programs, always essential, became even more critical as other programs were disrupted by the pandemic. Early in the pandemic, USDA approved 56 State and Tribal Disaster Household Distributions to get food to over 15 million people in 2020. Congress provided a total of \$1.3 billion in additional resources for The Emergency Food Assistance Program (TEFAP) to help meet the increase in demand on food banks and pantries, and we purchased more than \$2 billion in the face of procurement challenges due to high demand in the retail market. USDA also operated the Food Purchase and Distribution Program to assist American farmers and ranchers negatively impacted by certain trade policies. Over \$2.2 billion in food was purchased by AMS, most of which went to States for distribution to TEFAP food banks and food pantries. USDA's Farmers to Families Food Box Program delivered food in partnership with distributors to those significantly impacted by the pandemic. USDA distributed over \$4.2 billion in American-produced fresh produce, dairy and meat products in family-sized food boxes through this temporary program. Finally, Congress provided an additional \$100 million in the Coronavirus Aid, Relief, and Economic Security (CARES) Act for Tribal members through the Food Distribution Program on Indian Reservations (FDPIR). This supported infrastructure grants, additional food distribution, and administrative support – critical resources to ensure that benefits reach those who need them.

*Child Nutrition Programs:* When schools closed in March 2020, school nutrition professionals across the country worked tirelessly to make sure children had access to meals despite unprecedented challenges. USDA provided wide-ranging flexibilities to help schools and communities feed kids during the pandemic—with the authority and funding provided by Congress, USDA issued over 80 nationwide waivers and extensions to support social distancing, streamline access, and allow for flexible meal service options. USDA allowed schools to serve free meals to all students, waived requirements to serve meals in group settings at traditional mealtimes, allowed meal pattern flexibilities as needed, and allowed parents and guardians to pick up multiple meals at a time. Schools used these flexibilities to rapidly and creatively adapt meal service to meet local needs. However, they were only extended for limited periods at a time, and often very close to the expiration of the approved period, making planning very difficult for schools and state agencies.

Schools also received higher reimbursements to support “grab and go” approaches, and in December, Congress authorized additional administrative funds to provide financial relief to schools and program operators facing higher costs. Schools and program operators found ways to feed children in new ways—delivering meals along school bus routes, allowing parents to pick up a week’s worth of meals, and using a public private partnership to deliver food in rural areas. Recognizing the need for program operators to plan ahead, in March USDA extended Child Nutrition Program flexibilities through summer 2021.

*WIC:* The evidence is clear WIC participation drives better pregnancy outcomes and reduces health care costs, so ensuring access and continuity of benefits is particularly important. In March of 2020, USDA began approving State requests to waive certain operational requirements so that certifications and benefits could continue as social distancing began, enabling enrollment without in-person clinic visits, and allowing streamlined participant interactions. To minimize in-person interactions, for example, USDA allowed WIC agencies to postpone certain medical tests, extend some certification periods, and permit remote benefit issuance. Most flexibilities have been extended through the public health emergency. While national WIC participation remained stable in fiscal year 2020, a number of States saw substantial declines in caseloads—especially concerning because food insecurity during early childhood can have negative impacts on children for the rest of their lives.

*Pandemic EBT (P-EBT):* Congress demonstrated great foresight when it created P-EBT, which provides food dollars to families whose children lose access to free or reduced-price meals when schools are closed. USDA worked with States to stand up this entirely new program in just a few months, and every State rose to the challenge. While it took longer than anyone wanted, agencies in all 50 States, the District of Columbia, and the U.S. Virgin Islands administered P-EBT programs that distributed over \$9 billion in food aid to nearly 30 million children who missed out on school meals in the spring. In subsequent legislation, Congress also expanded P-EBT to include children under six, a key step to address food insecurity during these formative years, and to include Puerto Rico, American Samoa, and the Northern Mariana Islands. But gaps were revealed as some schools opened and children returned to school part-time, and Congress acted on a bipartisan basis to address these gaps in December. With these new flexibilities, States can now use average benefit amounts and the best available data to provide P-EBT to families and lessen administrative burden for families, schools, and States.

P-EBT has been a highly effective tool, with some evidence that the program reduces food hardship faced by low-income children. I commend Congress for extending the program through the duration of the COVID public health emergency as part of the American Rescue Plan Act. We still have challenges to tackle—for example, USDA is working with States to streamline data collection needed to target benefits. And we are learning how to operate better. Most States have designed this year's plans to issue benefits directly to households with children eligible for free or reduced-price meals. This is an important shift, since States that directly issued benefits last spring reached more eligible children than those that required applications.

#### **Lessons Learned**

The nutrition assistance response to COVID-19 has been a collective effort, between USDA, Congress, and program partners in every community. That said, success had its own fits-and-starts. We have learned lessons from the prior Administration's approach to implementation that will inform our near-term plans to re-open strong, as well as longer-term efforts to strengthen our ability to respond to crises.

- Communication—early and often—is essential. Our partners were experiencing and reacting to the pandemic in real time, just as USDA was. The time it took USDA to finalize and

communicate policies often presented major challenges to those on the front lines. For example, the USDA changed course on policies for School Year 2020/2021 after school had begun in some locations. While the changes provided more flexibility and were clearly necessary, the delay in informing schools and other program operators about their options for the school year caused significant disruption to planning and operations. Secretary Vilsack is committed to providing as much notice as possible to align with operational timelines. We look forward to working with Congress to make sure that all those that rely on both the core programs and temporary benefits understand how their benefits will change as authorities expire, so that they can manage the transitions with knowledge and confidence.

- Developing broadly-applicable solutions will make us more responsive to future crises. Managing individual State waiver requests and questions was inefficient and at odds with meeting immediate needs. Shifting to nationwide waivers and State options helped to reduce implementation delays and administrative burden.
- Emergencies exacerbate existing inequities – and make effective response more difficult. As I noted, the pandemic disproportionately impacted food insecurity among people of color, including Black and Latino households and those identifying as American Indian, Alaska Native, Native Hawaiian, Pacific Islander, or as multiracial. These disparities link to long-standing structural issues, but we must be conscientious and deliberate in addressing them in pandemic recovery strategies – and in future reforms. The Biden Administration will approach all our efforts with an equity lens to ensure we reach those facing hardship fairly, effectively, and with respect and understanding.

#### **Looking forward – harnessing nutrition assistance to recover strong**

Action by Congress, USDA, and state and local partners delivered critical additional food benefits to millions of struggling households. But when the Biden-Harris Administration took office, the country faced a continued hunger crisis, and the President called for additional action to help the millions of adults and children in its grip. I'll turn now to what we have done since January to help meet immediate food needs and lay the foundation for a strong and equitable recovery.

*Using All Existing Authorities to Provide Immediate Relief:* Under President Biden's leadership, and in response to the executive orders he issued in his first days in office, we took several immediate steps to meet food needs and support those who are struggling.

Strengthening and Streamlining P-EBT to Fight Childhood Hunger. In January USDA increased P-EBT benefits by about 15 percent, providing more money for low-income families and millions of children to make up for missed meals due to school and childcare closures. For a family with three children that means more than \$50 per month in additional benefits, and the increase applies back to the start of the school year. P-EBT has been highly effective; one study found that the program reduces food hardship faced by low-income children by 30 percent in the week following its disbursement. Using authority provided by Congress in December, USDA published new guidance and flexibilities to help states administer P-EBT in a way that reaches all eligible children. While multiple changes to the statute during the school year have extended the planning process, as of April, 32 States have approved plans to serve school children during school year 2020-2021, with another 15 State plans under review. Nine States have approved plans to provide benefits to children in childcare, and another 19 State plans are under review. Congress also provided, and we are distributing, 100 percent federal funds for States to operate P-EBT, which includes collecting reliable data on student enrollment and school operating schedules that is critical to appropriately targeting P-EBT benefits. We are committed to working with every State and territory to get critical food dollars to children who miss meals due to school closures.

Reducing Inequalities in SNAP Emergency Allotments. Since March 2020, SNAP households have received emergency allotments to raise their household's total benefit to the maximum benefit for its household size. While this policy delivered about \$29 billion in additional benefits, millions of people in households at or near the maximum benefit – those with the least ability to absorb COVID's economic shocks – have received little or no support.

On April 1, USDA updated SNAP emergency allotments guidance to address this problem and temporarily boost the benefits for these recipients. Under the new policy, households who had been receiving less than \$95 in emergency allotments will receive increased benefits starting in April 2021. These are major increases for households that received no additional support from the original policy – including many of the millions reporting trouble getting enough food. About 40 percent of households helped by the change have children, 20

percent include someone who is elderly, and 15 percent include someone who is disabled. Households that have already been receiving payments of \$95 or more per month will continue to receive them.

Extending Flexibilities to Feed Kids Safely. The COVID-19 public health and economic crisis has underscored the vital role that school meals play in addressing childhood hunger. As schools across the country prepare for children to return to schools this fall, we know that school meal operators need flexibilities to allow them to focus on serving high-quality, nutritious meals, without being overwhelmed by administrative challenges. USDA looks forward to making an announcement soon on nationwide flexibilities for next school year to help communities and children across the country come back strong.

Some children rely on these programs for as many as three meals a day, and it is essential to empower schools and childcare centers to continue to serve healthy meals safely. USDA will remain steadfast in ensuring our nation's children get the critical nutrition they need as they return to their regular routines.

*Deploying Resources and Flexibilities Provided by Congress:* President Biden's American Rescue Plan that Congress passed in March provides over \$12 billion in new nutrition assistance to address hardship caused by the pandemic. USDA is moving quickly to deploy these resources and flexibilities. The American Rescue Plan Act:

- Extends the 15 percent increase in SNAP benefits through September 2021. This increase--about \$28 per person per month--was initially provided by Congress last December and would otherwise have ended this June.
- Supports States as they respond to increased SNAP demand with over \$1.1 billion in operational funding without a required state match. This represents a unique opportunity for States to make investments in business processes and technology to increase access and improve service delivery, while maintaining stewardship of Federal dollars.
- Supplements the capped block grants that Puerto Rico, American Samoa and the Northern Mariana Islands receive with an additional \$1 billion, to support families hard-hit by the pandemic.
- Provides \$25 million for improvements in SNAP online purchasing, electronic benefit modernization, and mobile payment technologies, as well as for technical assistance to

retailers and farmers markets as they adopt these new technologies. With these investments, we hope to make it easier for participants, especially individuals in rural areas, as well as those with physical limitations, to order and pay for their groceries online.

- Extends and expands P-EBT through the summer when schools are closed, and through the duration of the public health emergency. This will help guard against summer hunger and help financially stressed families purchase healthy food during the pandemic.
- Funds meals for young adults experiencing homelessness through CACFP emergency shelters during the public health emergency.
- Invests nearly \$900 million in WIC, including a temporary increase in cash-value vouchers that participants can use to buy fruits and vegetables from \$9 or \$11 to \$35 per month. It also includes a historic investment in innovation and outreach that I will elaborate on later.
- Dedicates additional funds for the Commodity Supplemental Food Program which provides nutritious, domestically sourced food packages to low-income elderly individuals.

*Looking Beyond the Pandemic to Build Back Better:* The pandemic has laid bare critical gaps in our safety net, highlighting the opportunity and urgency to lay the foundation for a recovery that is more equitable and just for all Americans. The American Rescue Plan Act will help struggling families and people earning low wages afford their basic needs by temporarily expanding the earned income tax credit for childless adults, making the child tax credit fully available to the lowest-income families, and enlarging the credit. Together these actions will cut child poverty nearly in half—and we hope, help to keep more families from hunger and hardship.

While it will take time to know for sure, we are also beginning to see signs that the extraordinary relief efforts we have undertaken are having a real impact for struggling Americans. The latest Census Pulse survey data show a substantial drop in the number of households reporting that they do not have enough to eat.

As the President has said, now is the time to take bold action in order to build a better tomorrow. I'll describe a few major efforts USDA and the Biden-Harris Administration have underway to strengthen nutrition assistance.

Ensuring SNAP Benefits Support a Healthy Diet. As we look beyond COVID, one of the key things we can do is to ensure that the benefits households receive are sufficient to purchase a basic healthy diet. Even before COVID, millions of Americans who rely on SNAP were

struggling to buy and prepare healthy food with a benefit amount based on an outdated Thrifty Food Plan (TFP). As directed by Congress in the 2018 Farm Bill, we are working to re-evaluate the TFP to ensure it reflects the true cost of a basic healthy diet.

Transforming WIC to Reach More Who Need It. While the evidence of WIC's impacts is clear, the share of eligible families participating has declined over the past decade; in 2017, only about half of eligible people participated in WIC, and later trends remain troubling. Some of the more tragic manifestations of systemic inequities are mortality rates for infants born to Black and Indigenous women that are at least twice as high as for infants born to white women, as well as greater prevalence of inadequate health care and many serious health conditions. Addressing these issues is a critical priority for the Biden Administration.

Connecting more eligible women and young children to WIC is one of the most powerful interventions available to reduce these disparities. Thanks to our community partners, we have a strong foundation to work from—participation among eligible Black and Latino families is higher than average, and racial disparities in breastfeeding initiation have been steadily improving. President Biden proposed and Congress delivered a historic investment in WIC through the American Rescue Plan Act. With the new resources and authority, we will invest in improvements in the program in order to increase participation. We will launch a robust national outreach campaign to ensure that eligible families know about WIC's benefits and offer new, easy ways for them to enroll. We will also encourage innovation in WIC to improve service delivery. These strategies will help reverse the recent declines in participation so that the critical nutrition benefits WIC provides reach those that need it.

Nutrition assistance programs can advance the President's priorities to provide economic relief to struggling families, build and enhance racial equity, and create a better future. This Subcommittee has a long history of bipartisan support for these programs, and I look forward to working with you to advance our shared goals. Thank you for the opportunity to join you today.



Mr. BISHOP. Thank you very much, Ms. Dean. We will now proceed with questions. As I mentioned earlier, we will begin with the chair and ranking member, then alternating majority and minority with members present at the time the hearing starts in order of seniority. After that, I will recognize members who are not present at the time the hearing is called to order. And I will do my best to accommodate Ms. Lee's request in the early parts of the round, following the chair and ranking member.

Ms. Dean, as I have mentioned, you have had to hit the ground running. Recent announcements by the USDA such as providing an additional \$1 billion per month of SNAP benefits to an estimated 25 million people, and officially ending the previous administration's attempt to restrict the ability of States to provide SNAP to able-bodied adults without dependents will have an immeasurable impact on people's lives.

The last year, we have been reacting to the current crisis, but looking long-term, what kinds of changes do you think we need to make to ensure people have enough nutritious food, especially during emergencies? Tell us if USDA is working on a legislative proposal for the fiscal year 2022 budget, for the Child Nutrition Reauthorization bill, for the next farm bill, or all of the above.

And if you would do that quickly. I would like to get to a second question having to do with nutrition assistance to the Territories. Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands that are not part of the regular SNAP program, but they are dependent on Congress in the event of an emergency. In 2017, Hurricane Maria, Congress made available 1.9 billion for Puerto Rico, responded to the typhoon in the Mariana Islands in 2018, and provided relief for Territories and a number of other bills.

Can you discuss the path forward as you see it transitioning these Territories to SNAP? I raise these questions and with reference to my memories of Congressman Jose Serrano. So tell us what the Territories need to do and what we need to do to help them.

Ms. DEAN. Okay. Let me take those in order. So, first, we very much look forward to working with Congress on what you talked about in terms of are there lessons learned, and in particular what can we do to help the programs flex in an emergency moving forward?

So I would say I do think that thrifty adjustment is going to be one of the most important things that we do to make sure that the program offers a benefit that will be sufficient for a basic healthy diet. But, as we look ahead to opportunities like child nutrition reauthorization, I would say a great example of what we could be doing there is building an emergency disaster authority into child nutrition and WIC, so that we are not dependent upon Congress offering us the kinds of wonderful flexibilities that you did through Families First and CARES, but that we have got it ready to go. So that would just be two quick examples, Mr. Chairman.

With respect to the Territories, first, let me—I hope what reiterates what you already know which is President Biden is fully committed to the Territories having access to the Federal nutrition pro-

grams consistent with States. So that will take an act of Congress. But we are already leaning in on that.

We—my regional leads and I have met with—the regional leads have met with the leadership teams at—in—sorry, CNMI, the Commonwealth of Northern Mariana, Puerto Rico, and American Samoa to talk to them about what their interest is, and how we can work together in building a plan on what transitioning from the block grants to SNAP would mean.

And second, I have met with Congresswoman Gonzalez-Colon already as well as Congressman Sablan about their interest on this. We take this very seriously, and we look forward to working with you and the authorizers on the plan.

Mr. BISHOP. Thank you. Now, Ms. Dean, can you share your thoughts about the need to consider racial justice in our domestic food programs. Secretary Vilsack has cast the efforts to improve America's access to nutritious food as a part of the racial justice effort. Can you discuss that, please?

Ms. DEAN. Yes. Well, this sort of intercepts with all aspects of what we do. As I talk to my team, I think we want to understand how and why people are coming to need food assistance. And long-standing racial inequality and systemic racism, particularly, for example, in the labor market are a part of what brings people to needing our food assistance. And knowing and appreciating that, I think, is very important.

As we look to meet people's needs, we want to know why they are coming to us and how and when—and then second, what are the food programs doing to push against those disparities? And, certainly, at a minimum, we don't want to make anything worse. You mentioned the 3-month time limit in SNAP and our efforts to soften the prior administration's efforts to make that worse.

I think that is an example of a policy that probably really exacerbates racial inequality just because the labor market is not an equal opportunity place. And asking individuals to work part to full-time just won't play out the same across racial and ethnic lines.

And, of course, then there is the issue healthy and nutritious food. We see in our school meals program that we have been able to increase the quality of what children eat, and that cuts across racial and ethnic lines which is so important because the way that health disparities play out. Oh, sorry.

Mr. BISHOP. Thank you, Ms. Dean. My time has expired. I will be happy to come back to you.

But at this time, I would like to yield to our distinguished Ranking Member, Fortenberry for questions. You are now recognized, Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Mr. Chairman. Ms. Dean, if you were to grade the Federal Government's performance in educating and influencing the America's public on eating well, on eating choices, what grade would you give?

Ms. DEAN. I would say the American public's grade isn't very—isn't a good one in a sense of we know Americans aren't eating with respect to health and eating—healthy eating index. Sorry. I think we can do more. I am not sure how to grade us, but I know—I know we are not at an A, and we have a lot to do to get there.

Mr. FORTENBERRY. Well, I can give you the litany of statistics. One of which I cited in my opening remarks about a thousand-fold increase in childhood diabetes. And then, of course, we have increasing obesity rates, and in correlation to that problem, the health outcome. So it lands squarely on the plate, if you will, as a beginning component of how we not only feed people, but we feed people well, both in terms of public programs, but also the projection of nutrition education and information.

So how are we going to fix that?

Ms. DEAN. Well, Mr. Fortenberry, you couldn't have a more passionate chairman on this issue than the Secretary, and I hope he conveyed that very clearly last week. Some of the things—

Mr. FORTENBERRY. He did.

Ms. DEAN [continuing]. Some of the things we will be doing is making sure that we update all of the nutrition standards in our programs to reflect the most recent set of dietary guidelines. Those revisions offer us an opportunity to take a look at how we are doing with respect to promoting and supporting healthy nutritious food. I also think the adjustment to SNAP's Thrifty Food Plan will put healthy food in reach for many very, very poor families for whom it just may not have been an option for them.

Mr. FORTENBERRY. Well, look, you use the term "nutritional security," I like that term. We talk in terms of food security, and let's be frank, we have done a very good job of increasing caloric intake and substantially reducing, let's call it, systemic hunger across this country. But the issue, that isn't fully the issue, as we are seeing. Food is health. And to make those two things inextricably intertwined has to be the objective if we are providing a holistic public policy for well-being.

Let me turn then to the Farm to School Program quickly. How can we scale that program? I assume you like it. I do. I think it is an important program, again, meeting multiple objections in educating kids about nutrition, but also generating local economies for our farmers.

Ms. DEAN. Well, we love the Farm to School Program. I loved your story of crunch off. I just have to flag that. So, look, part of the issue is the resources that we have for the grants. So that will be something that we will have on work with Congress on. I think we have a number of ideas about—and I appreciated the bill you had potentially looking at the scale of grants so that we can bring in more larger-scale efforts.

And I think we also want to take a look at some of the core learning of farm to school. And I want to make sure we are talking with or partners at AMS and rural development about how we make sure that we are working our costs, our different leans at USDA to bring local producers and connect them with the schools and our purchasing power. So I hope we build bigger.

Mr. FORTENBERRY. Okay. Well, obviously, we have a decided emphasis on this program because of all the reasons that I said, and I think it is exciting.

And the question—the other question, though, is there a nexus with the extension service. You know, a long time ago, extension being fully integrated, or in particular in rural areas, substantially integrated into public school systems with basic classes on nutri-

tion and other dynamics like that is less common now. Is there a nexus between farm to school and extension?

Ms. DEAN. Well, I think you make an excellent point there. Actually, we were planning to bring folks together from across USDA to talk about how to build out farm to school. So I will make sure extension is there. I appreciate that suggestion.

Mr. FORTENBERRY. I think this is very important, because again the tradition of this was already in place. And for whatever reason, that began to drift because of social dynamics in the country. But I do think they have the foundational expertise to perhaps be a substantive participant in that internal discussion.

Okay. Thank you, Mr. Chairman. Thank you, Ms. Dean.

Ms. DEAN. Thank you.

Mr. BISHOP. Thank you, Mr. Fortenberry.

At this time, I am happy to recognize Ms. Lee, the chair of our Foreign Ops Subcommittee for your questions. Ms. Lee, you are now recognized.

Ms. LEE of California. Thank you, Mr. Chairman. And thank you, Mr. Fortenberry, for giving me a chance to go early since I have another subcommittee that I am participating in. I really appreciate your help. And thank you for your leadership. And thank you, Ms. Dean, for being here with us. I have a couple of questions I just wanted to ask very quickly.

Now, in your testimony, of course, you reference the disastrous conditions and consequences, excuse me, of the COVID-19 epidemic. And I will really applaud your administration—our administration for continuing to suspend the 3-month time limit on SNAP benefits for unemployed adults without dependents.

Now, given what we know about just hunger in America in general, given what we know about the fact that so many more people are unemployed, and the longer that you are unemployed the more difficult it is for you to reenter the workforce, I am wondering and given the racial impact, disparate impact on communities with people of color, I want to make sure how do we permanently rescind the time limits with regard to the equity in our food assistance programs, and really make it permanent?

Because these time limits just aren't going to work. We had a problem, a hunger problem in America before COVID. We have a hunger problem now. And so we don't need to go back to where we were by imposing time limits on SNAP benefits.

Ms. DEAN. Thank you, Congresswoman Lee. I completely agree. This is an incredibly harsh rule that punishes individuals for being not being able to work 20 hours a week consistently in a labor market, certainly, today, but very often that just doesn't offer that opportunity for very low-skilled and very poor individuals. This includes homeless individuals, veterans. It is a rule that really expects, I think, what is not feasible for many.

So the rule, however, is in the law. So changing it would require an act of Congress and something that perhaps could be taken up in the next farm bill.

Ms. LEE of California. And we are working on that, as we speak, in terms of legislation. But I guess until we can get leg—you know, how this goes. It could take months years, who knows. And so many people are just barely hanging on now. And what we all

know the food banks, the food lines, people who have been middle-income in the past have found themselves and find themselves in the food banks and begging their government just to help feed them.

And so we have got to figure out how we can sustain this and keep people from—keep more people from going hungry through this period. Now, does that require just executive order after executive order after executive order to hold on until we get it passed in legislation? It is an emergency, and so I am trying to figure out—

Ms. DEAN. Gotcha.

Ms. LEE of California [continuing]. What the administration is going to do until we get the legislation passed.

Ms. DEAN. Yes, sorry. Let me—Congress actually wisely suspended the time limit for the duration of the public health emergency. So for at least some time, we will have—the time limit will not be in effect. After that, States will have to seek waivers for areas of high unemployment within their State. And we will work very—we will be a very—what is the right word to say—good partner with States in making sure that they can apply that where possible. And I am happy to report back to your staff on some of the specific details if that is helpful.

Ms. LEE of California. That will be helpful. Okay so what you are saying now is States can request a waiver, and then you would—

Ms. DEAN. For areas of high—excuse me, I am sorry, Congresswoman. For areas of high unemployment. It goes back to the old rules that were in place prior to the Trump administration's proposal to change them.

I am happy to go through the details with your team, but I think the time limit very likely, just under the law, will be coming back at some point in the near future. Very unfortunately.

Ms. LEE of California. Yeah, I think one of the issues, there may be areas of low unemployment. But with people of color, you have high unemployment. Like you may have low unemployment at 5, 4 percent. Yet, you will have African Americans, LatinX, API individuals, indigenous people, with 10 percent, 15 percent unemployment.

So some States may not be able to meet that threshold, yet you will have groups of people who are hungry still and can't deal with these, you know, in the time limits would prevent them from accessing the benefits.

Ms. DEAN. Absolutely. That is exactly the challenge that we face.

Ms. LEE of California. Okay. Well, I would like to work with you on that because we can't come to the end of this and have so many more people of color falling into the—not even into the ranks of the poor but into the ranks of those who are hungry because it has been a heck of a struggle even before the pandemic.

Ms. DEAN. I will welcome that.

Ms. LEE of California. Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Ms. Lee. You are now free to pursue your other responsibilities.

And at this time, I am delighted to recognize the gentleman from Alabama, the former chair of this subcommittee, Mr. Aderholt. Mr. Aderholt, you are now recognized for your questions.

Mr. ADERHOLT. Okay. Thank you, Mr. Chairman. It is good to be with the subcommittee today. And I welcome Ms. Dean and being here with us today, virtually.

And I want to ask about the American Rescue Plan Act funds. And I understand that it provided improvements to the SNAP online purchasing. Its electronic benefit and modernization was included, as well as mobile payment technologies, as well as technical assistance for retailers and farmers markets to adopt new technologies.

And this subcommittee has over the years has recognized the challenges of rural communities that face insecure broadband connectivity. Can you talk a little bit about how the needs of rural SNAP participants could be prioritized.

Ms. DEAN. Well, I think the perfect example of a group that we want to make sure—I am sorry. This could very greatly benefit from the ability to do online shopping. And so those individuals as well as smaller retailers are both the participants and the type of enterprises that we are trying to put front and center and prioritize through our grant-making to make sure that we are making this a more viable option for as many people as possible, particularly, those as you mentioned who may not have access to a store nearby and where online shopping would make a big difference.

Mr. ADERHOLT. Yeah, but, you know, one thing that we are seeing is the broadband connectivity—

Ms. DEAN. Yeah.

Mr. ADERHOLT [continuing]. Issue, and that is something that I think, you know, we can't forget about because there is many places that are rural in the Nation that still does not have that connectivity. And even though the new technologies are available, they are not able to use them. So—

Ms. DEAN. Well, Congressman, you make a good point. And as we work on how to deploy these funds, we should be talking to our colleagues at World Development to look at how USDA is rolling out more rural broadband to make sure that we are leveraging, making sure that the participants have the tools that they need. So we will—I will take that back.

Mr. ADERHOLT. Yeah, and I think—and I would love to work with you on that, because that has been an issue I that I worked on, and many on this subcommittee have worked on over the years.

Let me ask about the SNAP quality control system. During the pandemic, there was, of course, understandably an increased participation in the nutrition assistance programs that was administered by your area of FNS. How has the increased volume and the changes to the program impacted the SNAP quality control review?

Ms. DEAN. So thank you very much for that question. And, of course, program integrity is a very—is a top priority for us. Congress actually suspended quality control reviews in some of the prior—the prior legislation basically deciding to prioritize access in meeting this emergency in terms of the tremendous food need.

Quality—we still encourage States to continue to do the reviews. It is just that our official Federal measurement system has taken a pause. That comes back on line later this summer. And as I said, we have been encouraging States to continue to do reviews for themselves. We are still working with them on ensuring that pro-

grams are spent accurately. But it will be, we probably will not have an official Federal Error Rate for the pandemic period.

Mr. ADERHOLT. Okay. Thank you. Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Aderholt. And I might just take note of the fact that as we are meeting and as we speak, the Authorizing Committee is holding a hearing with World Development On Rural Broadband. And, of course, it is a very, very important issue. And I think it goes to the issues that you raised, Mr. Aderholt. So if it is any consolation, the Authorizing Committee is holding hearings right now on that very subject.

Mr. ADERHOLT. Thank you.

Mr. BISHOP. At this time, I am delighted to recognize the gentlelady from Illinois, Ms. Lauren Underwood. Ms. Underwood, you were now recognized for your questions.

Ms. UNDERWOOD. Well, thank you, Mr. Chairman, and thank you to Ms. Dean for joining us today. So in last week's hearing of Secretary Vilsack, I asked home questions about the Department's plan to improve the WIC program. And I am really glad to have this opportunity with you today to get some more information on the Food and Nutrition Services efforts in this space.

Ms. Dean, in your written testimony, you say connecting more eligible women and children to WIC services is one of the most powerful interventions available to reduce racial disparities and maternal and child health outcomes. I am pleased to see that participation among eligible Black and LatinX families is higher than average, and that the agency is accelerating outreach to increase WIC enrollment. But the Black maternal mortality crisis is worsening, and we must do more.

The President's Fiscal Year 2022 Discretionary Funding Request includes an overall increase of more than \$1 billion for critical nutrition programs, including WIC. Specifically, Ms. Dean, how will your agency use this increase in WIC funding to address the maternal mortality crisis for Black mothers and other women and birthing people of color?

Ms. DEAN. Thank you, Congresswoman Underwood. I think, first, we are going to start with the new resources that were provided by Congress through the American Rescue Plan we are calling it our WIC Outreach Innovation and Modernization Fund. We want to actually—your bill, as some of our inspiration on the kinds of—the areas where we want to be making investments.

So, absolutely, our national outreach plan, we want to be providing grant-making to better connect WIC to the local healthcare and maternal and childcare healthcare system so that there is information sharing and cross referrals there.

We want to make sure that WIC is—WIC could use, in some cases, some streamlining in modernization on the services that it is providing so that it remains inviting—an inviting service for moms and children. So we start there. Those funds aren't all we want to do though. Those funds are a tool for us to shift our approach on strengthening the program.

So let me stop there. I think that budget request is a little difficult for me to get into. But the bottom line goal is we are seeking full funding for WIC, and we are going to do everything we can to bring more eligible mothers, infants, and children to this program

because we know it works in improving their basic nutrition and health.

Ms. UNDERWOOD. Thank you so much. That is wonderful to hear. My Black Maternal Health Momnibus Act would extend the WIC eligibility period for postpartum and breast feeding individuals to 24 months. According to the National WIC Association, extending eligibility to provide ongoing nutrition support for postpartum mothers is a critical step to setting up future pregnancy success, ensuring mothers continue to receive nutritious food and tailored counseling to mitigate or prevent chronic diet-related conditions like diabetes and obesity.

Ms. Dean, can you just speak to how extending WIC's postpartum and breast feeding eligibility periods could expand the program's positive impacts on the health of mothers and babies?

Ms. DEAN. Well, I think Congresswoman, you just did that for me the idea of keeping them connected to WIC's terrific services would mean that they are—just gotten, have more ongoing connection to health, nutrition counseling, and, of course, the broad set of referral services.

Do you think it is—I think, I am very interested in this, and I want us to take a close look at this. But it is also very important in WIC because Congress and administrations crossed party lines for decades have made a strong commitment to full funding in WIC. We want to make sure that the cost of this can be born out permanently. And that the appropriators would be fully committed to that.

So I look forward to learning more from you and talking more with you and your staff about this idea.

Ms. UNDERWOOD. Yes, ma'am. Thank you. In the 2020 to 2025 dietary guidelines for Americans released in late 2020, it contains key evidence-based recommendations for healthy diets, including new recommendations for pregnant and lactating women, infants, and young children. What kind of funding and support will be required for USDA to implement a successful consumer education campaign to ensure that the public has culturally relevant and acceptable tools to support healthy eating?

Ms. DEAN. I am thrilled to hear your interest in that. And I think you will find the details on our budget request will give you the information that you need there on how FNS can do more for public—

Ms. UNDERWOOD. Yeah.

Ms. DEAN [continuing]. Public efforts. So I look forward to more conversation.

Ms. UNDERWOOD. Well, thanks so much for your testimony today. And, Mr. Chairman, I yield back.

Mr. BISHOP. Thank you, Ms. Underwood. I believe Mr. Harris has stepped away. Dr. Harris has stepped away. So at this time I am delighted to represent—to recognize the gentleman from California Mr. Valadao.

Mr. Valadao, you are now recognized.

Mr. VALADAO. Thank you, Mr. Secretary. And thank you Ms. Dean, Deputy Under Secretary for your time today.

Ms. Dean, throughout your testimony you referenced the issue of food insecurity. I am glad you are bringing this up because it is a



very important subject. Just last week, USDA Secretary Vilsack testified in front of this subcommittee and discussed the importance of the food insecurity issue. The morning of the Secretary's hearing, we read in the news about the USDA's abrupt decision to cancel the Farmers to Families Food Box Program. This action seems to directly contradict your testimony that highlights the need to address food insecurity.

Yesterday, my colleagues and I sent a letter to Secretary Vilsack expressing concern for the USDA's elimination of the program without replacing it with any real alternative to feed communities in need. Elimination will create further unrest in these communities who have already been negatively impacted by COVID-19 pandemic.

We also urge the Secretary reverse this decision and continue the food box program. At the very least before ending the program, USDA should review the program in its most recent form, utilized nearly 1 billion left, and authorized but unspent funds for the program, and employ other authorities to continue the program before canceling it without substantial, substantive alternatives.

On the subject just a few weeks ago, USDA hosted an all-day listening session on the food box program and received input from numerous stakeholders, many of them even in my district. Did you have any knowledge before the listening session that USDA was planning to cancel the program? And if so, why would you hold such a lengthy event just to turn around and almost immediately cancel the program?

Ms. DEAN. Congressman Valadao, thank you for your question. I think as the Secretary pointed out last week, the program was set up during a crisis to be a temporary response, and the funding to support it has also been temporary. So it was stood up in emergency when we faced an incredibly uncertain time, deep significant spike in hunger, as you noted, and of course the problem of severe food loss and throughout the food system.

So we are both assessing the program as well as assessing the current context in what is needed. And the Secretary will determine a plan for the new CFAC funds that leverages, I hope, that—sorry, I don't mean to say "I hope," that leverages, that builds in all of the learning as well as looks to take advantage of the extraordinary and incredibly efficient emergency food bank system. We know that we can do more there to help strengthen them, and we feel that that is probably the right way to transition forward.

So the details of his plan aren't yet available, but we will absolutely be briefing Members of Congress when they are ready.

Mr. VALADAO. I appreciate that. And the reason why I ask that question is to go through the process of having a listening session to bring in stakeholders for a program that was going to be eliminated almost immediately after listening session, it would have been a prime opportunity to get input from folks on how to fix the program or how to create a program that is more efficient.

I mean, I understand there were problems with it, but that was a good opportunity to help resolve some of the problems with these programs. And I think that should have been the focus on it, especially since almost immediately it was canceled, and that listening session was pretty much a waste for a lot of folks.

Ms. DEAN. Well, if I may, some of the learning that we have gotten from the listening sessions are things that we want to employ. We have heard about the need for more flexibility, for example, in the TFAP program. We heard about the tremendous value of having a prepackaged box during this kind of emergency. So we are looking to offer something like that in TFAP where we are offering something like that in TFAP right now.

So I don't think it—I really don't want the folks to think that we didn't listen, and that we aren't seeking to build a way forward with some of the incredible lessons that we heard in those sessions. We took it very seriously and still do.

Mr. VALADAO. And so moving forward, if—I mean, obviously, I haven't had a chance to put in your comments during that listening session. But now that the known program is eliminated, will producers have the opportunity to provide input for the future regarding expansion of existing nutrition assistance programs or creation of a new food distribution program? Or will there be an opportunity for producers to have that input on that as well?

Ms. DEAN. Well, I think USDA is always a ready listener to our producer partners. I am not sure we will be creating a new program, but, again, trying to incorporate a lot of the learning that we got and the input from producers across many sectors. There were some sector-focused listening sessions. I think we are here and ready to meet if folks have thoughts for us.

Mr. VALADAO. All right. Well, I appreciate the time. I am out of time, so I will yield back the rest.

Mr. BISHOP. Thank you, Mr. Valadao.

At this time, I am delighted to yield to the chair lady of the Military Construction, Veterans Affairs Subcommittee, the gentlelady from Florida, Ms. Debbie Wasserman Schultz. Ms. Schultz, you are now recognized.

Ms. WASSERMAN SCHULTZ. Thank you so much, Mr. Chairman. And thank for your leadership on this important issue.

Welcome, Secretary. I just want to go over, last week during our hearing with Secretary Vilsack, the Secretary mentioned that the USDA is ending the Farm to Food Box Program, which was established by the Trump administration. Flaws in the program's implementation became evident almost immediately. Trump's USDA chose inexperienced distributors, including a catering company and financial services provider now under investigation to launch the box program. Food pantries soon began complaining that deliveries weren't arriving, that produce was arriving in poor condition, and the boxes themselves were falling apart.

Feeding South Florida, the largest local food bank in my region told me firsthand how the program led to what they call a commodity clip, in which they were no longer receiving the necessary food each week despite an uptick in need.

I know that USDA recently announced that it plans to create a new program which will purchase fresh food produce for a produce box program to run through food banks, and that you also are in the process of designing a dairy donation program.

Can you provide us any more information on what these new programs will look like and how they differ from the inefficiencies of the previous Trump administration program?

Ms. DEAN. Sure. Let me take a crack at that. So, first, I think the experience of the Farmers to Families was uneven. And it sounds like in Florida it was less positive than in other places. Looking ahead, we aren't—with respect to the Emergency Food Assistance Program or TFAP, we are including a new program. We have created a new offering so that food banks through our State TFAP agencies can order prepackaged produce box. We are trying that as an alternative to the—when we offer just a produce, or something they can offer, sorry, order in bulk. So this is an example of where we are integrating the learning from the past year into our existing programs.

So if that works, and it is successful, and the food banks like it, they like the convenience of the prepackaged box, we will see if we can continue to do that with available funds.

I think the other lesson learned was some of the flexibilities that our food banks enjoyed, not just through Farmers to Families, but also through some of the trade mitigation programs, flexibilities and procurement. And also a focus on the local procurement. These are all things we are trying to integrate into our underlying programs rather than creating something new.

Ms. WASSERMAN SCHULTZ. I want to just follow up and say that many argue that boosting SNAP benefits or providing other forms of direct cash assistance for people in need of food might have been far more efficient than the box deliveries. Can you discuss how an increase in SNAP benefits has been helpful to those who might otherwise attend the food distribution site and how the different types of assistance work together?

Ms. DEAN. Yeah, thanks so much for that. That is right. One of the key differences today versus say a year ago is we are deploying a much greater—to a much greater extent, shoring up household food purchasing power, using SNAP and the pandemic EBT program by putting resources directly into the hands of households so that they can go the grocery store and buy the food that they need for their families.

That we hope, based on the latest census data is indicating a little bit of a drop in food hardship, and that is a data point, not a trend. But we are—and that has really been the whole point of shoring up robust household food assistance is to meet the scale of this crisis with a scaled robust response.

So with that, we hope that the demand at emergency food banks decline. So I am sure it will take some time. And we can see an easing off there.

Ms. WASSERMAN SCHULTZ. Great, and just as my time is winding down, I want to just mention the USDA expanded the child nutrition program flexibilities through this summer. But we know that 13 million children live in food insecurity households across the country, and almost 30 million children are enrolled in prereduced priced meals in school. That is probably going to increase as children return to brick and mortar schools.

Can you give us the assurance that school districts will be given notice enough notice when child nutrition program flexibilities expire or temporary programs ends? And will stopgap programs be put in place if needed?

Ms. DEAN. Sure, Congresswoman, this morning we announced a new set of waivers that would be available for the next school year. Twelve waivers that I think taken together will meet what schools and childcare programs need in order to have a successful strong reopening and be responsive to public health and provide them with the resources they need.

We are planning to go back to a normal—so as I hope all of are in our broader lives go back to normal operations the following school year. But we will be working with them throughout the coming 18 months for both what they need today and to get ready for that shift back.

Ms. WASSERMAN SCHULTZ. Thank you so much. My time has expired. Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Ms. Wasserman Schultz.

Dr. Harris is back at this time. I am delighted to recognize Dr. Harris the gentleman from Maryland for such questions as you may have. You are now recognized Dr. Harris.

Mr. HARRIS. Thank you very much, Mr. Chair.

Ms. Dean, let me just follow up on one question about the so-called work requirements. Because my understanding is that it is not only work, it could be training, job training, or it could even be volunteer work. Is that right?

Ms. DEAN. It is. Although, we don't fund for those programs to meet the demand for them.

Mr. HARRIS. Right, but volunteer programs, you wouldn't have to fund the volunteer program, right? I mean, it is a volunteer?

Ms. DEAN. That is true. Although, many organizations don't want to do it because of the insurance and costs associated for them. But, yes, you are correct. You can volunteer.

Mr. HARRIS. Okay. Could you get me information about restrictions, my office information about restrictions on volunteers, so, in fact, there are volunteer opportunities? Because in my communities, I would like to know if volunteer opportunities are there.

And, of course, the workforce is in another committee I sit on, the Labor, Health, and Human Services and Education Committee. So you know we will deal with that in that committee. But just to correct it, you know, we call it work requirement. But it is not really a work requirement. It is work, volunteer, or training requirement.

Now, let me follow up with you a little bit about this. You said nutrition security is very important. So let me talk a little bit about fresh vegetables versus frozen foods, because the nutrition of them are virtually the same. Frozen foods are more cost-effective, less prone to waste than fresh foods. But I have noticed that many nutrition assistance programs seem to have a preference for fresh fruits and vegetables over frozen. Again, even though nutritionally, there is very little difference. So is there a preference at your agency for fresh fruits and vegetables over frozen?

Ms. DEAN. No, sir, the dietary—we go along with the dietary guidelines and the—for example, in the WIC cash value voucher program can be spent both on fresh and frozen.

Mr. HARRIS. Okay. So, and that is good to know. It brings up another question about nutrition. So as a physician, look, I know we have problems with obesity, we have problems with diabetes, we

have a problem with things that we think are diet-related. And yet the SNAP program restricts very few foods. The eligibility to buy—there are very few restrictions on what you can buy in very strict contradistinction to the WIC program, which we have already discussed in some light, which actually targets only spending on nutritional foods.

Why is the Department—or I should say, is there any movement within the Department to try to stay, yeah, maybe we should—maybe we should take those who are receiving SNAP benefits and actually—and the fresh vegetable program—obviously, fresh fruits and vegetables goes toward that, but there is more than that. Are there any indications that restricting some of what you can access with SNAP benefits might actually have nutrition security value?

Ms. DEAN. Well, I think what we are prioritizing right now is what I spoke about earlier, and that is ensuring that the program's basic benefit is sufficient to purchase a healthy diet. Many experts, including physicians say that it is not. And I hesitate to say this to a Doctor, well, what we hear is the right medicine but the wrong dose.

And so we—I think our first, most important step is to make sure that we have a realistic estimate of what the cost of a basic healthy diet is. And that is what we are using, and that is the power of what we are giving to participants. And so, I guess I would just say—

Mr. HARRIS. Yeah, let me just, because I only have about a minute left, but let me concentrate on that because there are virtually no restrictions on what you can buy with the SNAP benefit except for prepared foods. I mean, I understand that. But you can buy things that are very high in starch content, very high in high fructose corn syrup, very high in salt, very high in sugar. You can buy sodas, snack foods, things like that. And I don't know of any physician who says that is the right medicine. Because I think you not only have the wrong dosage, I think you actually have the wrong medicine, because you enable to do that.

And years ago I joined with Dr. Rowe. We filed a bill to actually just parallel the WIC requirement with the SNAP requirement in terms of what food may be available. I think we might be on the verge of a bipartisan bill, filing a bill that would actually ask the department to put those kind of restrictions on. Would they be beneficial nutritionally?

Ms. DEAN. I think adjusting the benefits to the correct level is the best first step. And I think that all of the evidence suggests SNAP participants are buying very much in line with what other Americans are purchasing, and that is concerns that you have for diet needs to be addressed for the whole country, and not just low-income households.

Mr. HARRIS. That is the whole problem—

Mr. BISHOP. Mr. Harris.

Mr. HARRIS [continuing]. Defining exactly what Americans are buying.

Mr. BISHOP. Your time has expired.

Mr. HARRIS. Thank you very much. I yield back.

Mr. BISHOP. Thank you. At this time, I am delighted to recognize the gentlelady from New York, Ms. Meng.

Ms. Meng, you are now recognized for your questions.

Ms. MENG. Thank you, Mr. Bishop. And Deputy Under Secretary Dean, thank you for being here today. The programs administered by FNS have been real lifesaving for my constituents both before COVID and especially over this last year. My district in Queens, New York, was one of the first impacted by COVID. The impact of this disruption will be felt around dinner tables for long after we are all vaccinated.

And I do want to mention that when Secretary Vilsack was here last week, I urged him to support expanding flexibility around SNAP and, particularly, to support the elimination of the hot foods exclusion which are neither automatically more or less healthy than cold food. And the inability to purchase them with SNAP dollars creates unnecessary complications for seniors, homeless, people with disabilities, single parents, college students, and more.

Today, I wanted to ask about online SNAP pilots, which I strongly advocated for, including in a letter from 94 New York elected officials from all levels of government last year, which called in part for the expansion of this program.

Many of us across the country benefitted significantly from online grocery ordering over the past year. It helped to keep elderly and immuno-compromised out of crowded grocery stores. They are not just beneficial from a public health standpoint, but to also help essential workers, seniors, busy parents, and these services have shown to be particularly beneficial to those who participate in the SNAP program.

I wanted to ask how FNS is continuing to expand the SNAP program, online purchasing pilot program, and what some of the challenges have been?

Ms. DEAN. Thanks very much for that question. And right now, more than 97 percent of SNAP households have access to online purchasing across 47 States and D.C. But we clearly need to do more because we want to expand the number of stores that make this option available.

And, thankfully, Congress has provided us with three separate pots of funds that we are going to be pulling together in a coordinated plan in order to do more with respect to online purchasing, connecting farmers' markets to online purchasing, and then some broader oversight integrity work we need to do within the space on electronic benefits.

So as I mentioned earlier in one of the other Qs and As that we really want to look to target bringing in small retailers who may not yet have this online purchasing platform for their nonstop business. We want to figure out how to bring them in. And we also will be looking to lift up and try to connect farmers' market to this option.

So we are pulling together a plan now. And I am very delighted to come back to the committee when we are a little bit further along in the details to share it with you all.

Ms. MENG. Thanks. And are there any updates on the implementation of the ARP provisions and when you can expect small farmers, food businesses, farmer markets to have access to online portals and associated technical assistance so they can begin to access SNAP EBT online?

Ms. DEAN. So technical assistance is available now. As farmers' markets or retailers approach us, we are ready for that conversation. So I want to make that clear. It will take us—because the funds will probably be going out through grants and contracts, that takes us a little bit of time as a government entity. So that could be a while before folks are appreciating the benefits of the funds. But there is no reason for someone not to step forward now and express interest and get our help.

Ms. MENG. Right. And just to—I wanted to ask about the effects of the previous administration's public charge rule. And I know President Biden has rescinded the rule, but wanting to know what FNS is doing to regain the trust of immigrant families so they can continue to benefit. And is there any working done with nonprofits or translating materials into other languages to families who might not be aware of these changes?

Ms. DEAN. Congresswoman, I think that that notion of broken trust is very well put. We have a long way to go in terms restoring trust with immigrant communities on seeking out the benefits that they are eligible for. Let me take off a couple of quick things. We are meeting very regularly with other agencies, the White House, and the Department of Homeland Security to make sure we have got coordinated messaging ready to go. And I have already met with the heads of fracture, strength, Center on Budget, and Feeding America, sorry, on this very topic. It is of deep concern to all of us.

And we won't just meet with them but many others. The idea is how do we get out good, clear, consistent messaging that immigrant and immigrant communities can count on, understand, and then start doing the work of inviting them back to use the programs that are there for them when they need them. So I—

Mr. BISHOP. Thank you, Ms. Dean. And thank you, Ms. Meng.

At this time, I need to recognize Mr. Moolenaar, the gentleman from Michigan. You are now recognized for 5 minutes.

Mr. MOOLENAAR. Thank you, Mr. Chairman. And I appreciate the testimony today.

And, Ms. Dean, I wanted to talk with you a little bit. In your written statement, you talked about as schools across the country prepare for children to return this fall, we know that school meal operators need flexibilities to allow them to focus on serving high-quality nutritious meals without being overwhelmed by administrative challenges. And I talked about USDA making an announcement soon on flexibilities.

I guess my question is I had a chance to talk with the Secretary about flavored 1 percent milk. And I come from a State that is strong in dairy, a district that is strong in dairy. And one of our goals is to have children, you know, using more dairy products. And flavored milk has been something that has been popular. You know, I would argue that it is nutritious. But I wanted to hear from you and get a sense for where you see this going. Because I think it is really important for our dairy producers to hear directly from you on that.

Ms. DEAN. Well, thank you. And as a U of M grad, glad to get your question from your area. So the school lunch meal standards are based on the dietary guidelines and which recommends nutri-

ent-dense foods and beverages. And that is where our dairy standards come from.

I previously mentioned—we did announce a whole slew of waivers for the coming school year. So just so you know about that. But as I mentioned, we are going to be going through the process of updating all of the standards in the school meals program to reflect the dietary guidelines. So that will be an opportunity for us to take a look at it and review dairy, and we certainly welcome your input.

Mr. MOOLENAAR. Well, and I appreciate that because last week you know, the Secretary said, you know, if you go with the no fat milk, then kids don't drink it, and you lose the nutritional value than the nutrients that are in milk, the nine essential vitamins and nutrients and minerals. And he said he was going to encourage his team to take a look at the issue. And it doesn't make sense to have a standard that cuts off milk consumption.

And he was looking for a standard that encouraged milk consumption, and so that we can get the benefits of that. And I am hoping that, you know, there will be—it seems that the waivers that were issued today appear today to be somewhat contrary to the Secretary's comments about, you know, in support of the nutritional value of that milk.

And so I am hoping there can be some clarity. And I would ask, you know, for your input on it and your leadership on it. And I think just a clear message would be very important on this.

Ms. DEAN. Thank you, Congressman. We will be doing our best to communicate out what the waivers mean in the coming days. And I hope you will find it more responsive than perhaps the initial we suggest.

Mr. MOOLENAAR. Okay. Thanks very much. Great to see you. And Go Blue.

Ms. DEAN. Thank you. Go Blue.

Mr. BISHOP. Thank you very much, Mr. Moolenaar. At this time, I will be delighted to represent our frequent speaker pro temp, the gentleman from Texas, Mr. Cuellar.

Mr. CUELLAR. Thank you, Mr. Chairman. It is a pleasure being with you. I want to ask Madam Deputy Under Secretary about colonias. Colonias are on the U.S.-Mexico border. There are hundreds of them. They are rural, unincorporated. And, in fact, if you look at some of the numbers, there is about a 145 colonias communities in New Mexico, 114 colonia communities in Arizona, 34 colonia communities in California, and then there is 2,166 colonia communities in the State of Texas.

Mainly in the southern part of Texas where we are seeing a lot of people coming in from Central America. Those areas, you know, they basically don't have water sewage, but they have persistent poverty levels which is limited job opportunities and high unemployment, and poor education.

But my—and I asked Secretary Vilsack a couple of days ago to see if we can get somebody to get back to me, and I am asking you the same thing to see what we could do to address those areas, because it covers about approximately 2.5 million individuals on it.

And so I am trying to figure out how the USDA and this committee can help 2.5 million individuals. A lot of it, of course, has to do also with food, whether they get that type of assistance. So



I know that Jim Clyburn and other folks had pushed the, what we call the 10–20–30 efforts to make sure that we address the high poverty areas.

When I asked my USDA folks down there and the folks down there, they were not even familiar with the 10–20–30 program. So my question is can you help us come up with a strategy to address within your field the 2.5 million individuals in the colonias?

Ms. DEAN. Yes, of course, we would be happy to discuss that with you. You know, I am familiar, not nearly as much as you with the colonias around Brownsville the opportunity to visit some of them, specifically, with how the WIC program was doing outreach directly to those communities. So it sounds like there is more, much more we can do and delighted to follow up with you and work with you.

Mr. CUELLAR. Thank you so much. And thank you for that.

And thank you, Mr. Chairman. I yield back.

Mr. BISHOP. Thank you, Mr. Cuellar. At this time, I am delighted to represent the gentleman from Washington, Mr. Newhouse.

Mr. Newhouse, you are now recognized.

Mr. NEWHOUSE. Thank you, Mr. Chairman. I appreciate that very much. And thank you Under Secretary Dean for being with us today. I appreciate your testimony. This is an understatement, but we could say that last year was a huge challenge for many of us, and we all learned some lessons from the pandemic. Certainly, it is fair to say that our Federal and State, as well as local partners all came together to ensure that families in need during these uncertain times received much needed supplemental nutrition support with additional flexibilities in funding USDA, in my opinion, went above and beyond in order to get resources out the door as fast as possible, including, as we have talked about school-aged children, many of whom are still facing closed schools due to the pandemic.

Food and nutrition service, obviously, was a critical component during this time. But I am sure for you there are still lots of challenges and issues ahead.

Secretary Dean, the administration announced the end of the Farmers to Families Food Box Program, and certainly there are concerns with the program. But like I said, I think we should also give USDA a lot of credit for standing up a National Food Program in such a short amount of time and being so responsive.

So one question certainly would be overall given the circumstances, would you say the program was successful? As I said, my understanding is USDA's currently, and you have mentioned working on a replacement program. Secretary Vilsack mentioned that last week in his testimony.

But from what I have heard, a concern is raised that the replacement program will rely on the TFAP or the Emergency Food Assistance Program. And I know several States including my own at Washington, TFAP entitlement funds are usually about fully allocated, even in non-pandemic years, which could pose a funding problem for both TFAP and the new food box program.

So we will have competing programs. And so if you could respond to that issue. But also TFAP regulations disqualify many nonprofit organizations, that previously received and distributed Farmers to Families food boxes.

Another concern is that TFAP regulations limit the commodities eligible for purchase, for instance, dairy and meat products which were previously eligible for the boxes, may or may not be eligible for the new TFAP boxes.

So, and to be fair, I was one of the critics of the program. We had to fight very hard to make sure many of the different specially-cropped products were included in these boxes to really represent diversity in our American agricultural industry.

So, if you could just respond to some of those things. And, again, thank you very much for being with us.

Ms. DEAN. Well, thank you very much for having me here and your question. You know, look, I want to—I actually want to—there were a lot of, what is the right word to say? There was a mixed experience with the food box program, but it is very important to acknowledge that my colleagues at AMS brought up a program during the middle of an extraordinary crisis in trying to meet the moment that it was in. And I really do salute them for that.

And also for the thousands of nonprofit and charitable groups around the country who helped—who stood up to the moment and again helped distribute food to people who needed it. That was just really amazing. That and many other lessons along the way are the kinds of things we want to incorporate into what comes next. And what comes next can both be how we strengthen and improve what we already are doing, as well as deploying some of the remaining resources.

So just briefly on the TFAP question, I think it is important to—I don't think about it just as TFAP but working with our partners in the emergency food bank network system. Like TFAP is a funding source. We actually do bonus commodities. There is a dairy donation. There was trade mitigation resources. There is a lot of—USDA really tries to find ways to support that system as a whole, TFAP just being one of our tools to do that.

So as we look ahead, what can we do to offer some more flexibility as you are suggesting in the TFAP space, as well as bring other USDA resources to this incredibly efficient tremendous partner in the emergency food bank network. That is where—that is what we think is the next best step with respect to this kind of food distribution.

So I appreciate your thoughts and would welcome your suggestions as we move forward.

Mr. NEWHOUSE. Okay. Okay. Well, we will certainly be paying attention and also would welcome that continued back and forth so that we can make it as efficient and as representative of agriculture in this country as possible and get the most help to people that they actually need. So thank you.

Ms. DEAN. Those are shared goals. Thank you.

Mr. NEWHOUSE. Thank you Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Newhouse. Thank you, Ms. Dean. I think we have completed the first round, and I will begin a second round.

Ms. Dean, The New York Times recently ran a story about the impact of the SNAP increase on families. And the story when a mother of two in Indianapolis got her 15 percent SNAP increase, she thought it was a mistake, and she was afraid she would get

in trouble if she spent it. Instead, she skipped meals and used the food bank to get by. It was only when the reporter informed her that she was entitled to the increase that she used the money. This is, of course, very unfortunate, but too common. Can you speak to how the benefit changes are communicated to the recipients and how we can avoid problems like this going forward?

Ms. DEAN. Thank you, Mr. Chairman. That was a very heart-breaking story of someone struggling so much and afraid to use the help that was offered to her, not trusting in it. So clearly we need to do more.

The frontline communicators on a change like that are our State partners when they make a change, what we call mass change to benefits. We count on them to communicate to clients what is happening and why.

I mean, to be fair, there have been a lot of changes. And I think it could be tough for participants just to keep up with what is going on. But clearly, we need to do better. We want families to use the resources that we are making available to them.

Mr. BISHOP. Thank you.

Let me ask you about the Senior Farmers Market Nutrition Program. That program like the WIC Farmers Market Program was popular with pretty much everybody, including Members of Congress. The committee asked for a report on the backlog on the seniors program, and we received a lot of useful information from USDA.

The report said just in 2019 the backlog was \$27 million against a program funding level of \$20.9 million. The appropriation has not been increased since 2008. And with sequestration, because as a manager of program, even that low-funding level got cut year after year. States in most cases cut the maximum benefit, and USDA has not been able to increase the funding for individual States based on the performance or to add new participants such as the Virgin Islands.

So can I get your views on that program, please, ma'am?

Ms. DEAN. Well, as you pointed out, it is very popular, and for good reason. Connecting participants to farmers' markets is powerful both for them and also for producers. So we want to do what we can to strengthen it.

I am going to have to follow up with you on the particular details of that problem. And I am happy to do that with you or your staff. I am just not well-versed in what is causing that particular dilemma or problem.

Mr. BISHOP. Well, thank you. I have been very pleased to see the growth of the USDA online purchasing program. It is operating in 47 States and the District of Columbia. And, of course, we hear that it may become permanent in the next farm bill.

But it is particularly important in rural areas, including my district where we have seen an exodus of grocery stores in the development of food deserts. What are the barriers to participation by smaller grocery stores? And what can we do incentivize that involvement? Because at this point it is dominated by large chains. Amazon, Walmart, in particular, and I am interested in getting small and medium-sized grocery stores into the program.

Ms. DEAN. As are we. And there are going to be who we target with the new funds provided to us through the American Rescue Plan. I think one of the biggest issues is whether they are already offering online shopping to the non-SNAP participants. So do they have that platform available to them?

And then the second issue is, and I am sure you understand this, we have very rigorous security standards for how our benefits are used. And some small businesses may not—it may be a little extra step for them to stand up the kinds of requirements that we need.

But we are available, we are providing technical assistance, and we want to see if we can offer different solutions to small business.

Mr. BISHOP. Thank you very much.

My time is almost expired. So at this point, I will yield to Mr. Fortenberry, our ranking member.

Mr. Fortenberry, you are now recognized.

Mr. FORTENBERRY. Thank you, Mr. Chairman. A little bit of cleanup here. Ms. Dean, at several points in our hearing today, the issue of the food box has arisen. My own experience of reviewing it was again a program set up very rapidly to meet emergency food needs that stopped the waste of food and was very much appreciated because it was efficient and effective.

I do think you owe an explanation, though, about what Mr. Valadao was pointing out as to the peculiarity as to why a public hearing for input on the effectiveness of the food bank box program was being held at the same time a parallel effort inside the Department to kill the program.

Ms. DEAN. Mr. Fortenberry, I am not sure I agree with your characterization. But I just do want to be clear, the listening sessions have been incredibly helpful to us as we try to glean what was most impactful, important, what dimensions of that program, and some of the flexibilities that USDA deployed there, what would work as we move forward to something new or different while it is a regular underlying program.

Mr. FORTENBERRY. How would you characterize the initiative inside the Department to stop the program while public hearings were going on for feedback as to the effectiveness of the program? You can characterize it the way you want if you don't like mine.

Ms. DEAN. I think the listening sessions for—to help give us good information about what worked and what didn't both for the purposes of where we go next, and that is not just limited to the food box, the existence or nonexistence of the food box program. We at FNS gleaned incredibly useful lessons from those listening sessions that are relevant to any number of our programs.

Mr. FORTENBERRY. I am pointing out the problem of costs that one soliciting input and feedback on the effectiveness of the program and clearly some other initiative, maybe it is outside your domain going on that would stop the program.

Number two, we have all agreed that the rapid expansion of SNAP during the duress of the emergency of the pandemic was necessary. At its core, though, SNAP is a transitional program. Do we still accept that premise? I think this is very important because accepting persons with limited capacity or other inabilities to find meaningful employment. The traditional amount of time that a person has remained on SNAP has been 9 months.

Now again, that is pre-COVID and an older statistic. Are we still accepting the premise that this is a transitional program to meet nutritional needs in the midst of an emergency so that we can assist a person as they transition to meaningful work?

Ms. DEAN. I think for some participants that—and in fact the majority of the program is a temporary program. They use it when they lose their job, or their hours do down. And then when their wages go back and rebound, they don't need it anymore and don't use it. But there are some participants, low-income elderly, for example, their Social Security benefit that they start receiving, say, at 65 will—if it qualifies them for SNAP, we don't expect that their income will change for the rest of their life. And so they may be very long-term participants or individuals with disabilities.

Mr. FORTENBERRY. Yeah, that is why I pointed that out earlier, accepting persons in those circumstances.

The other problem that we have to wrestle with is, frankly, there are a lot of people who are working and trying to string together enough means to stay afloat while who are also eligible for SNAP. God bless them. The idea of trying to again raise wages and raise opportunities in society is a significant one.

But, again, our programmatic intentionality is the premise of it, at least in the beginning was, except for those who have some capacity limitations, was either age or sickness, or again other types of incapacities be able to seek meaningful employment is that this is a transition.

So as we look at expanding opportunities or changing the nature of the program, I think we have to hold in balance that initial idea. Because, ultimately, what is for a person's well-being, it would provide for themselves and be a participant in the community through again finding that type of opportunity that is consistent with their needs and talents.

Third is, can you give me the top three corporate retailers who redeem SNAP benefits?

Ms. DEAN. I can easily get back to you on that. I don't want to get them wrong, so why don't I just follow up.

Mr. FORTENBERRY. Well, I think this is important. Because as we are seeing more and more conglomerate corporate control of our economy, there is an incumbent responsibility on these major retailers that actually participate with us in pursuing the types of nutritional outcomes, the selection, if you will, so that that supply is actually there.

Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Fortenberry.

At this time, I would like to recognize Dr. Harris if you have an additional question.

Mr. HARRIS. Thank you very much, Mr. Chairman. And let me just again, you know, following up on what Mr. Fortenberry has, you know, brought up. You know, I am a little concerned that the SNAP program is not also being utilized to do the nutritional, education, and provide nutritional foods. And I get it, there are a lot of big corporate interests that wanted to include sodas and snack foods, and things like that. But, you know, the purpose of that program should be—it should focus on nutrition.

But let me talk just very briefly and ask about the electronic data matching for SNAP eligibility. Because I am told the improper payment rate is somewhere between 6 and 7 percent. Clearly, when you are dealing with tens of billions of dollars, that is real money. And I know in fiscal year 2020, we have provided the food and nutrition service funding to begin evaluating the verification process of earned income for SNAP applicants using electronic data matching.

First of all, can you speak to the value of using electronic data matching, both in terms of ensuring eligibility as well as reducing administrative costs and perhaps a status updates on the progress of the agency's evaluation and whether or not the pilot program has begun?

Ms. DEAN. Yes. Thank you very much for that question. So the more that we can use electronic verification of income or other core pieces of information to determine eligibility, the more accurate we can be, and, of course, the easier it is for clients. They don't have to go and find all these disparate pieces of information and turn them in.

So that is really important. I fully support it. And I believe the grants project that you are mentioning we announced in March the availability of the grants. And so we will be waiting for those applications and are like you eagerly looking forward to what States come forward so that we can learn and continue to improve.

Mr. HARRIS. Do you believe that this electronic matching might be able to lower the improper payment rates?

Ms. DEAN. Yes. Yes. That is the goal.

Mr. HARRIS. Well, thank you very much, Mr. Chairman, and I will yield back.

Mr. BISHOP. Thank you very much, Dr. Harris.

Mr. Valadao, you are now recognized for additional questions you might have.

Mr. VALADAO. Thank you, Mr. Chair. In light of the sudden cancellation of the Families to Farmers to Food Program, I am heavily concerned that not only the U.S. producers who are providing nutritious food options for the boxes, but also the people in need for receiving food boxes that is critical that people who are facing food insecurity have adequate access to healthy food options.

My understanding is there is a chance USDA does not reinstate food box program. There are still many individuals across the U.S. who are lacking successful healthy food options.

In your testimony, you mentioned you are working to reevaluate Thrifty Food Plan to ensure or reflect the true cost of a basic healthy diet. Please expand on what specific actions you are taking as you reevaluate the Thrifty Food Plan?

Ms. DEAN. Sure. I would be happy to do that. So the 2018 Farm Bill actually directs us to do that and sets forth several criteria. So one is to make sure that they reflect the most recent dietary guidelines; that to also take—sorry, we are supposed to reevaluate with respect to the dietary guidelines current consumer prices, prices for food, and I think consumer purchasing patterns. So we will be doing all of that.

And we were also we are holding several stakeholder meetings. We are talking with experts to see what other dimensions and fac-

tors we should look at, and hoping to publish a reevaluation in the time so for everyone to take a look. I hope that was—I hope that was clear. Sorry.

Mr. VALADAO. Well, I appreciate that. And this is obviously a very important topic to me. I represent a particularly rural and low-income district. I just hope that you will focus—well I would like to commit to us here that you will keep us apprised as you move forward in the evaluation process.

Ms. DEAN. Very happy to do that.

Mr. VALADAO. Thank you. And then to change topics a little bit, Ms. Dean. This morning, the Food and Nutrition Service, FNS, had made an announcement regarding the school meal flexibilities. Will the USDA follow through on the Secretary's comments and enacted, the enacted December 2020 provision to allow low-fat flavored milk in schools, particularly, during the school year 2021, 2022 procurement period, as well as more generally work with schools and their suppliers and the more reasonable approach to the sodium reduction targets?

Ms. DEAN. So with respect to the waivers that were offered today on dairy, the States have the ability to offer waivers to districts if the districts can demonstrate a need for a relaxation of the dairy standard that you mentioned related to the circumstances. So that will be available to them.

And, then, I did mention earlier that we are going to be taking a look at the nutrition standards with respect to the most recent dietary guidelines. So that is an opportunity for us to update the standards, but also assess the timelines under the current regulations that schools are expected to hit those standards. We have had some disruption in rolling out the standards because of legislative and litigation holds, I guess, on the rollout. So it is a good moment for us to assess the timeline.

Mr. VALADAO. So you mentioned the school districts have the ability to apply based on a need. They have apply with the State? And who do they justify that need to? Does the State have to justify it to the Federal Government, or does the school have to do it with the States?

Ms. DEAN. I believe the way the waivers will work is the States elect to take the waiver, and then they work with the districts in their State.

Mr. VALADAO. So the Federal Government plays no role in deciding if there is a need for a waiver?

Ms. DEAN. Well, we set the terms and conditions. We are actually going to be doing that for congressional staff if they have a briefing this afternoon. So maybe that is a good opportunity for us to get into the details.

Mr. VALADAO. I appreciate that. Can we count on you to ensure the USDA follows through on allowing low-fat flavored milk in schools? I know it has been brought up earlier, but it is an important topic for a lot of us, particularly, during the school year 2021, 2022 procurement period, as well as more generally work with schools and their suppliers on a more reasonable approach to sodium production targets? Hopefully, we can address that a little bit as well but.

Ms. DEAN. Well, as I said, our waivers will be available on the dairy for the coming school year if they are needed by a district if they are not able to meet the standards. And beyond that, we will be taking a look at the standards to reflect the new guidelines and the timeline.

So, again, I am happy to talk with you more about that.

Mr. VALADAO. Right. And I do appreciate the fact that the release was sent to us this time versus a news article that we read on the morning of the hearing. I mean, still the announcement being on the day of the hearing doesn't give us the proper amount of time to prepare for these types of questions. But, I at least appreciate the fact that you guys reached out to us versus the press first. So thank you for that.

Mr. Chairman, I yield back.

Mr. BISHOP. Thank you, Mr. Valadao. I believe we have come to the end of round two. I have one additional question, and I, of course, will yield to Mr. Fortenberry for any that he might have when I conclude.

My question is regarding the Pandemic Electronic Benefit Transfer Program. As you know the 2021 school year, the USDA approved more than 14.1 billion in pandemic EBT benefits to 16.8 million children in 34 States and Territories, which leaves a lot of States, including my State of Georgia that were not participating.

Two weeks ago, there was an alarming article in Politico about the issues that are plaguing that program. PBT is a great program because it can reach families that may not qualify for SNAP benefits, and it can ensure that children are eating meals that they would have otherwise eaten at school. We need to make sure this program is working.

One of the biggest bureaucratic hurdles that are slowing the disbursement of the money. What is USDA doing to help States overcome these hurdles? The Politico article noted that Secretary Vilsack has been calling Governors in States that haven't submitted the PDET plans to USDA. And can you tell us what you are hearing from the States? And do you think that the remaining States and Territories will, in fact, submit distribution plans? And if so, when are they expected? And will some States not be approved for the 2021 school year, which is fast dissipating.

Ms. DEAN. Thanks, Mr. Chairman. So, today, we are at 35 States are approved for over 20 million children. But that is not enough. We need all States and Territories and with an improved plan. Because as you point out, this is an absolutely critical benefit to put resources into the hands of parents to help feed their children.

You know, you asked me about the bureaucratic role, I would say, really the issue here is that the law appropriately requires that PEBT be targeted to children who are not attending school, because of the school closure. And so when we work with States, we say to them, you need to develop a Statewide list or some mechanism to match children who are eligible for free and reduced-priced meals to a school and to that school schedule.

And the reality is that many States just simply don't have or collect that information. They just don't know school schedules at a Statewide level. So it has been a real challenge for them, but we have to ask them to meet the requirements of the law.



We are doing everything we can to offer technical assistance, to provide flexibility, to allow them to make simplifying assumptions, but we do need them to hit the standard of the law. And we are leaning in. And just last week had a conversation with Georgia. Our goal is to make this happen in all States and Territories.

Mr. BISHOP. Thank you very much, Ms. Dean. Let me now yield to Mr. Fortenberry, if you have any additional questions.

Mr. FORTENBERRY. Only this one as regarding my last question. Ms. Dean, if you could get back to us regarding the top three retailers in the country for SNAP redemptions. I think that would be very helpful. Because what I am projecting here again is the idea of corporate responsibility.

We are living in an era where there is more and more concentration in this type of retail, as well as in many other places. So to call upon those corporate giants who are greatly benefitting from government expenditures to maybe play some constructive role in terms of supply of the nutritious food as we begin to integrate these important shifts in our own public policy I think will be very important and beneficial. I would like your response to that, please.

Ms. DEAN. Yes, I am happy to follow up with you with that list.

Mr. FORTENBERRY. Oh, but about the idea that I am projecting.

Ms. DEAN. Oh, I am sorry. Yes, I didn't realize there was a bigger question. Yes, of course. I think our—and I will say our retail partners are critical in the work that we do with the program. They are interacting with our participants each and every day and have a lot to say about shopping patterns, the needs and interests of participants.

And so if we were to pursue a conversation about how best to address their nutritional needs through their stories, I think they would very much welcome the opportunity to have that—

Mr. FORTENBERRY. Okay. Great. Thank you very much. I yield back, Mr. Chairman.

Mr. BISHOP. Thank you very much, Mr. Fortenberry. And let me take this opportunity, Ms. Dean, Deputy Under Secretary Dean to thank you for your testimony today. We all understand how incredibly busy you are, and we thank you for your time and your patience this morning.

The Food Nutrition and Consumer Services has an enormous responsibility that is made even greater by the pandemic administering the Nation's Nutritional Assistance Programs. It is vital that these programs are working efficiently and that they are reaching all eligible persons and households that are in need.

I appreciate your hard work and the work of your entire staff to ensure that the most vulnerable among us do have access to food and a healthy nutritious diet.

Along with what we have discussed, we will also forward additional questions for the record, and we will appreciate the diligence in getting your responses to us in a timely manner.

Mr. Fortenberry, would you like to have any closing remarks?

Mr. FORTENBERRY. No, other than again to thank you, Mr. Chairman, for your leadership. I think it has been a productive hearing to unpack this significant portion of America's public policy of both expenditures but also impact.

Thank you very much.

Mr. BISHOP. Thank you, Mr. Fortenberry.  
And let me thank all of the members in attendance and for the staff who put this hearing together.  
With that, this subcommittee meeting is now adjourned.

THURSDAY, MAY 6, 2021.

**USDA RURAL DEVELOPMENT MISSION AREA**

**WITNESSES**

**JUSTIN MAXSON, DEPUTY UNDER SECRETARY FOR RURAL DEVELOPMENT, U.S. DEPARTMENT OF AGRICULTURE**

**KARAMA NEAL, ADMINISTRATOR, RURAL BUSINESS-COOPERATIVE SERVICE, ON BEHALF OF U.S. DEPARTMENT OF AGRICULTURE**

**CHAD PARKER, ACTING ADMINISTRATOR, RURAL HOUSING SERVICE, ON BEHALF OF U.S. DEPARTMENT OF AGRICULTURE**

**CHRISTOPHER McLEAN, ACTING ADMINISTRATOR, RURAL UTILITIES SERVICE, ON BEHALF OF U.S. DEPARTMENT OF AGRICULTURE**

Mr. BISHOP. This hearing of the Agriculture, Rural Development, Related Agencies Subcommittee of the Appropriations Committee is now called to order.

As this hearing is fully virtual, we must address a few house-keeping matters.

For today's meeting, the chair and staff designated by the chair may mute participants' microphones when they are not under recognition for purposes of eliminating inadvertent background noise.

Members are responsible for muting and unmuting themselves. If I notice that you have not unmuted yourself, I will ask if you would like the staff to unmute you. If you indicate approval by nodding, the staff will unmute your microphone.

I remind all members and witnesses that the 5-minute clock still applies.

If there is a technology issue, we will move to the next member until the issue is resolved, and you will retain the balance of your time.

You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn yellow. At 30 seconds remaining, I will gently tap the gavel to remind members that their time is almost expired.

When your time has expired, the clock will turn red, and I will begin to recognize the next member.

In terms of speaking order, we will follow the order set forth in the House rules, beginning with the chair and ranking member; then alternating between majority and minority members present at the time the hearing is called to order and will be recognized then in the order of seniority; and then, finally, members who are not present at the time the hearing is called to order will be called in the order of their appearance.

Finally, House rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing at any of our hearings or our markups. That email address has been provided in advance to your staff.

Last reminder. Please ensure that your video is turned on at this time.

Good afternoon, and welcome to today's hearing on USDA's Rural Development Mission Area. Testifying before the subcommittee today is the Honorable Justin Maxson, the Deputy Under Secretary for Rural Development at USDA. Congratulations on your new role as Deputy Under Secretary.

Mr. Maxson comes from the Mary Reynolds Babcock Foundation and has spent almost all of his career working in rural America addressing issues of poverty and of economic and racial equity and injustice.

Under Secretary Maxson, you have a long history that demonstrates your passion and commitment for empowering rural communities and bringing equity, opportunity, prosperity, and enhanced quality of life for these areas, so many of which have been underresourced and neglected, thereby placing them at a distinct disadvantage as compared with many urban and suburban areas.

It is evident throughout your career that you and I share the belief that no child or family in America should ever have the opportunity to realize their full potential limited or shunted because of the ZIP Code they happen to live in.

Unfortunately, that is the case all across rural America, and the pandemic has made that plain. So I welcome you to our subcommittee today along with the current leaders of your Rural Development agencies, Dr. Karama Neal, Administrator of Rural Business Cooperative Service; Mr. B; and Mr. Christopher McLean, Acting Administrator of Rural Utilities Service.

Under Secretary Maxson, you point out in your written testimony that Secretary Vilsack recently laid out for the subcommittee the Department's overarching priorities: containing the pandemic, promoting racial justice and equity, addressing the mounting hunger and nutrition crisis, rebuilding the rural economy, strengthening and building markets for farmers and producers, and addressing the impacts of climate change while building back better in rural America.

But, Mr. Maxson, you really teed up the real importance of this hearing today and of the mission of the Rural Development Agency in the next paragraph of your testimony, which struck such a powerful and vibrant chord that I wanted to jump up and shout just like they do in the south Georgia Baptist church.

I quote: When appropriately modernized and resourced, Rural Development's unique mission and incredible set of economic and community development tools play a critical role in advancing outcomes-based inclusive prosperity across rural America. We create jobs and help rural places build and maintain wealth within their communities. Rural Development helps to finance the building of critical community facilities, like schools, libraries, hospitals, and public safety buildings. We provide distance learning and telemedicine equipment, connecting underserved communities with educational opportunities and health professionals. Rural Development funds water and wastewater facilities, giving rural places clean and safe drinking water. We help to modernize and expand electricity and broadband connectivity to bring rural communities into the 21st century. We fund clean, renewable energy, and we are poised

to help rural America lead the Nation in a biobased manufacturing revolution powered by the amazing productivity of American farmers and producers. We are well positioned to be a driving force for racial and spatial equity, reaching underserved communities and ensuring that rural communities have the same tools and resources and access as urban communities.

Let the church say "amen." Praise the lord. If only that were true. If only that were real. But, Under Secretary Maxson, Dr. Neal, Mr. Parker, Mr. McLean, we look forward today to your telling us how to make that real and to tell us how this subcommittee and the Congress can help you to do it.

At this time, I am delighted to yield to my ranking member, my friend and my partner in this endeavor, the gentleman from Nebraska, Mr. Fortenberry.

Mr. Fortenberry, you are recognized now for your opening statement.

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

First, let me deviate from my prepared remarks.

I am so grateful as well for your partnership and leadership and the passion that you just showed. I wrote one thing down that you referenced: outcome-based inclusive opportunity in rural America. That is beautifully said.

I am going to say it a little differently, but I think you know that we are all pulling in the same direction to achieve that very end. So, again, thank you for your passion and your excellent means of communicating this in the most human terms. I am really grateful, Mr. Chairman.

Mr. Maxson, Dr. Neal, and Mr. Parker, and my fellow Nebraskan, Mr. McLean, good afternoon. Thank you for joining us.

Let me say this from the outset. Our chairman, Chairman Bishop, has heard me say this many times. I think we need to update the term "rural development."

And, Mr. Chairman, I should confess to you that I gave our crack Appropriations staff an assignment. I wanted to look back in the history books and find out when the term "rural development" began.

The earliest reference that we can find to it was in 1902, but then it has been commonly used since the 1940s. And, clearly, it was a useful term in its heyday, but I do believe, in this era, when many people must leave the farm to seek better income or just to get health insurance, when two-thirds of rural communities—two-thirds of rural counties, I should say, have lost population just in this last decade, and, also, when new emerging opportunities for a regeneration of rural life are right around the corner, I feel that "rural development" is an inadequate term for the task at hand.

So, instead of "rural development," I am going to, once again, propose the idea that we use the phrase "ecosystem of rural livability," and here is why. Life in rural America is not just an economic proposition. It is a values proposition. We are embracing meaningful work, sacrificing, risking now for a future return, and connecting to the land and to one's neighbor are the defining characteristics of so much of America. And it is this land and all the land that embodies—that is the heart of the rural values proposition.

Our farmers and ranchers are its chief and most exemplary representatives, transferring their land to the next generation of family farmers and starting to fully participate in this exciting new world of telework and telehealth and precision agriculture, distance learning, and global e-commerce, as well as nurturing beginning farmers. And that is the way.

Mr. Chairman, I like the story—the Brugger brothers came back to the family farm in Nebraska after they had spent time at the university here in Lincoln and graduated. These young men could be a reality TV show. I hope you meet them one day, Mr. Chairman.

They had noticed that their local bar in town had closed. So they started growing their own hops and using excess feed for whiskey. They even purchased the local bar. Remember, they have a traditional production rural crop farm. They purchased the local bar so that their friends and families didn't have to drive so far for some good entertainment. They brought local life back to their rural community because they understood it is an ecosystem of livability.

They added value, and they profited from it. So it is the vertical integration of this kind that puts value in the value chain, where it belongs: in the farmers' pocket and toward community flourishing.

So, gentlemen, as your agencies help us rebuild rural America, I believe they need a rebuild of their own. The Federal Government runs 90 programs administered by 16 different Federal agencies targeted at rural economic development, and you have the official lead. To my knowledge, there is no overarching framework to guide rural policy at the Federal level.

So, finally, let's speak about the possibility of enhanced rural broadband. We throw a lot of money at it, but do we really know what we are getting? When the inspector general, at our chairman's request, appeared before the subcommittee earlier this year, I asked, how do we measure broadband success?

She said, "I don't know."

I think we need to change that equation.

Again, Mr. Chairman, distinguished panelists, creating this system of—ecosystem of rural livability means not only focusing on wires laid or loans given or housing subsidized but on how measuring real-world human impacts of these essential investments in rural America are faring. So let's make—let's work hard together to make those determinations.

Thank you, Mr. Chairman. I yield back.

Mr. BISHOP. Thank you, Mr. Fortenberry.

Mr. Maxson, without objection, your entire written testimony will be included in the record, and I will now recognize you for your statement, and then we will proceed with questions.

You are now recognized, Mr. Maxson, for your opening remarks.

Mr. MAXSON. Thank you, Mr. Chairman.

I appreciate both the comments of Mr. Fortenberry and members of this committee. It is an honor to be here today.

Let me start out by telling you a little bit about myself.

Before I came to the USDA, I spent 6 years running a foundation advancing economic opportunity and racial equity in the American South. And, 15 years before that, I did community economic devel-

opment in Appalachian Kentucky. And Rural Development was a key partner in that work.

I am so glad to be—excuse me—at Rural Development. I share a deep commitment to helping people and communities realize their economic vision and a high quality of life.

When Secretary Vilsack was here a few weeks ago, he shared a set of key priorities that cut across our work. They include but aren't limited to containing the pandemic and promoting racial equity, addressing the impacts of climate change, tackling the mounting hunger crisis, and rebuilding the rural economy.

We believe that Rural Development has the programmatic tools and mission to make major contributions around those priorities. The budget in front of us builds on our key programs and expands them, acknowledges there are things that RD can and should do better, and it helps us make real progress on our mission to promote economic prosperity for all.

At RD, we recognize that rural America is not monolithic. It has impressive economic and racial and cultural and geographic diversity. When thinking about the rural economy alone, only 20 percent of rural counties are farming dependent, and manufacturing, government, recreation, and mining dependence each separately claim 10 to 15 percent of those—excuse me—of those counties. And the final third of rural counties are not reliant on any one industry.

So, obviously, rural America has got diverse needs, and its communities and people reflect a diverse vision of what they want, and we are working hard to be flexible and meet communities where they are.

I think Rural Development has got some unique strengths. We have an impressive history of innovation, sharing the right things at the right time. I think the Reconnect Program for broadband has the potential to do for people and communities what the Rural Electrification Program did, spread a life-changing innovation at a critical time.

We are also extremely locally focused with a network of 450 offices with boots on the ground across the country. And we bring, of course, as you all know, a broad array of programs that meet communities where they are, from the small business support to housing, from water and sewer to broadband, and reliable and affordable electricity infrastructure.

The budget also recognizes that RD can do more, that we can be better. We have a great staff, but we need more of that staff, and soon. Our portfolio is more than twice as large as it was only 10 years ago with a staff that is 30 percent smaller. And, in 3 years' time, one-third of that staff is eligible for retirement.

Some of our local partners and our communities report our programs can be difficult to access and are narrow, sometimes out of date, and too many times it is the better-resourced communities that are the most successful at accessing our support, and that is just not good enough. We want to help everyone in rural America thrive, particularly the communities in the most need.

This budget aims to advance the priorities of the administration and deepen our ability to carry out RD's important work. It provides us with additional resources to expand access to broadband, increases our ability to deliver water and sewer infrastructure, al-

allows us to better support our rural electric co-op partners and providing clean and affordable electricity, and it enables us to expand and better coordinate our USDA boots on the ground and partner with other Federal development agencies and provide deeper support to the communities in the most need.

My short time at RD, I have been incredibly impressed by the quality of our staff, the breadth of our programs, and the scale of our investment. In 2020 alone, RD invested more than \$40 billion across the country. Thank you for making that possible.

I know that when RD's programs are implemented in the communities in the most need, impactful change is evident and unforgettable. I look forward to working with the subcommittee and answering any and all questions that you might have.

Thank you.

[The information follows:]



**Statement By  
Justin Maxson  
Deputy Under Secretary for Rural Development  
Before the Subcommittee on Agriculture, Rural Development, Food and Drug  
Administration, and Related Agencies  
Committee on Appropriations, U.S. House of Representatives  
May 6th, 2021**

Thank you, Chairman Bishop, Ranking Member Fortenberry, and members of this Subcommittee, for inviting me here today to discuss the Administration's priorities for USDA Rural Development (RD) and to provide you an overview of the President's fiscal year (FY) 2022 budget for RD.

You heard recently from Secretary Vilsack about the department's overarching priorities: Containing the pandemic, promoting racial justice and equity, addressing the mounting hunger and nutrition insecurity crisis, rebuilding the rural economy, strengthening and building markets for farmers and producers and addressing the impacts of climate change. He also emphasized the need to build back better in rural America.

When appropriately modernized and resourced, Rural Development's unique mission and incredible set of economic and community development tools play a critical role in advancing outcomes-based inclusive prosperity across rural America. We are well positioned to be a driving force for racial and spatial equity – reaching underserved communities and ensuring that rural communities have the same tools, resources and access as urban communities.

The vision of building back better in rural America begins with understanding what rural America is, and what it is not.

Rural America is not monolithic. It contains impressive diversity – economically, racially, culturally and geographically. Just looking at the rural economy alone is instructive: 20% of rural counties are farming-dependent, 17% of rural counties are manufacturing dependent, 12% of rural counties are government dependent, 11% of rural counties are recreation dependent, and around 9% of rural counties are mining dependent. The final almost 1/3 of rural counties are not reliant on any one industry for a large portion of their employment.

As diverse as rural communities are, so too are their needs, their vision, and their strategies. These facts make flexibility within our programs essential.

RD's unique structure is locally focused and therefore a good foundation for flexibility and customization. We have outstanding economic development professionals living and working in the rural communities that we exist to serve. These experts deeply understand the challenges, opportunities and people of these special places.

However: We need more of these professionals with strategic and economic development expertise--and more training. And we need all of these things soon. Our portfolio is currently more than twice as large as it was 10 years ago with a staff that is 25% smaller. Our people are managing a financial portfolio with staffing levels that are dangerously beneath industry standards with another challenge looming: In three year's time, one-third of RD's expert professionals will be eligible for retirement.

It is difficult to innovate when you are just barely keeping your head above water. Our programs, meanwhile, beg for innovation. They can be difficult to access, narrowly focused and have not kept pace with a changing world or with the diversity of the communities we serve.

RD does have a proud history of innovation and of meeting the moment. The Electrification Act was implemented through RD programs, bringing power to every community in our nation; we believe that, when fully supported by adequate funding and the ability to modernize our delivery processes, the Reconnect Program for broadband will be just as historic as the Electrification Act. We know RD can innovate and meet the moment again.

It is important to note that we have found our programs are only as successful as our partners' ability to participate. Partnerships are essential to the implementation of RD's programs, and the country's better-resourced communities are most successful at accessing the support we offer. This leaves some communities with historically, persistent levels of poverty and distress in an ongoing state of need while other communities can access the help that is available. We want to serve every community. Our mission is to help everyone.

The president's FY 22 budget proposal seeks to advance equity, and to address these challenges by leveraging the inherent opportunities of RD's mission, structure and programmatic tool kit. The goal of each and every dollar in this budget is impactful change that addresses equity, climate change and economic opportunity for all. With this support, we will make huge strides and do a better job reaching those communities that need our help the most.

At its best, Rural Development helps communities to pursue their own vision. We want every community to have that opportunity because, when done right, community development

truly works for every person and every landscape. It becomes so much more than dollars-out-the-door. It changes the quality of life of every individual in the community. Supporting rural communities is an incredibly meaningful mission, and I appreciate the support of this committee in carrying it out.

Highlights of the budget designed to address the economic and infrastructure challenges and build inclusive prosperity in rural America are:

- \$400 million in new funding to give rural electric providers financial flexibility as they accelerate to carbon-pollution free electricity by 2035. The discretionary request also provides funding to support \$6.5 billion in loan authority for rural electric loans. This is an increase of \$1 billion over the 2021 enacted level to support additional clean energy, energy storage, and transmission projects to put people back to work in good-paying union jobs to help meet the ambitious climate progress that science demands.
- \$717 million for Rural Water and Wastewater Grants and Loans, an increase of more than \$100 million over the 2021 enacted level. That funding includes \$100 million for grants targeted to poor, rural communities in the most need, including \$25 million to Colonias, Native Americans, and Alaska Native Villages.
- \$700 million, an increase of \$65 million over the 2021 enacted level, for the Rural e-Connectivity Program “Reconnect,” which provides grants and loans to deploy broadband to unserved areas.
- \$32 million for a renewed and expanded initiative to leverage USDA’s extensive network of offices to help people in high poverty counties. Referred to as the “StrikeForce” initiative, USDA will coordinate with other Federal agencies on an all-of-government approach to connect rural stakeholders with Federal programs and resources. This initiative directly addresses the challenge of our partners’ ability to participate in our programs.

I am relatively new in my position, but my colleagues have already told me stories that I will carry with me through this work.

For example, stories of what broadband infrastructure has done in the Navajo Nation. One of our Community Connect Grants was used to create an internet training center at the Huerfano Chapter in New Mexico that is used by four other Navajo Chapters, drawing hundreds of people

every week—including children who have internet access for the first time to help with school work (there isn't a library within the 20,000 square mile area), artisans who use the internet to sell their handicrafts, and Navajo women who use design apps for creation of their rugs and blankets.

RD worked with the Havasupai people in the Grand Canyon to connect them to expert medical care; we helped bring internet access to the Indian Medical Center in Gallup, New Mexico, where the public WiFi hot spot enabled a Navajo grandfather and his granddaughter to reconnect at a critical time in their lives:

The two family members were not on speaking terms; they'd had a disagreement, and their bond had been broken. Then the grandfather fell victim to COVID-19.

Knowing that she could lose him and knowing that she could not visit him in the hospital, the granddaughter was able to use the Medical Center's hot spot to connect with her grandfather.

That hot spot reconnected a family. It played a key role in repairing the bond between an elder tribal member and his beloved granddaughter.

This is community development done right; it is just one example of the ways in which these budget dollars will improve the quality of life in rural America. When RD's programs are implemented in the communities most in need, impactful change is evident and it is unforgettable.

I look forward to working with this Subcommittee and to answering any questions you may have about our budget proposals.

Mr. BISHOP. Thank you, Mr. Maxson.

We will now proceed with questions. As I mentioned earlier, we will begin with the chair and ranking member; then alternating majority and minority with members present at the time the hearing starts in the order of seniority; after that, I will recognize members not present at the time of the hearing—at the beginning of the hearing. And each member will have 5 minutes in each round, so please be mindful of your time.

I will now recognize myself for the first round of questions.

Mr. Maxson, you stated in your testimony that the Rural Development portfolio is 10 times larger than it was a decade ago and that your staff is not as great as is needed to achieve the mission.

You know what the problem is in terms of staffing. Do you have a specific plan, and is it included in the budget a specific plan to address these staffing shortages?

And I will follow that with a capacity-building question regarding our rural communities because it is often difficult for the underserved rural communities to apply for government grants and loans due to capacity constraints. They simply don't have the staff or the resources to manage this process. I have seen this in my own congressional districts, and I have heard it from other Members.

So, through the delivery of technical assistance, we can really build that capacity through training and support on specific issues unique to their circumstances.

Do you agree with that? Do we, both Congress and the administration, need to do more in this space, and what do you think we can do to help create that capacity in our rural communities so that they can access the resources that Rural Development has and that USDA has for them?

Mr. MAXSON. Sir, I appreciate that. In fact, I appreciate the two questions, as I actually think they are—at least in my mind, they are related.

On the staffing front, obviously our field structure is, I think, a real important aspect of what makes RD a unique player in this space. We obviously see that more staff on the ground are one of the ways that we can actually help provide capacity, that we can lean into the provision of assistance.

We have got key partnerships in a number of our programs where some of those partners are on the ground and help provide technical assistance to communities.

I think we believe additional staff are one of the ways that we can help go even farther and serve communities that aren't easily able to access our programs. Obviously, I think we see our salary and expense levels as one key way the committee can support staff as that obviously pays for the boots on the ground.

There are also some program design concerns, like in the Reconnect Program. That is designed in such a way that we can use some of those funds to support administrative costs and other implementation expenses, including our staff, including that sort of important technical assistance that helps build capacity on the ground.

So those are a couple of ideas. I think we are looking carefully at ways that we can expand our staff. The StrikeForce Initiative described in the budget itself is an opportunity to both support

staff at RD and other development agencies that are working in the rural space and make us think more thoroughly about how we collaborate together.

And just the last thing I will say, we share your commitment to capacity building, that figuring out ways that our staff and others can help build the capacity of local organizations, of small towns is just critical to our ability to meet the needs that those communities have. And we are—we recognize programs like the Rural Partnership Program and the American Jobs Plan is a critical tool to help communities access the sort of resources that they need to have the sophistication and the skill necessary to access some of our other programs.

Mr. BISHOP. Thank you, Mr. Maxson.

And, at this time, although my time has not yet expired, it has about expired; I will be happy to yield to my ranking member, Mr. Fortenberry, for any questions that he might have at this time.

Mr. Fortenberry, you are now recognized.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Mr. Maxson, you didn't respond to my proposal about the ecosystem of livability. I would like to hear your opinion on that.

But let me go ahead with a little more direct question first for you.

What is the USDA doing to coordinate—to work with other parts of the Federal Government, I should say, to coordinate rural broadband efforts?

Mr. MAXSON. Thank you for that question, sir.

I am fascinated by your proposal. I think "rural livability" is a really interesting phrase, and I think it reflects the actual complication of attempting to do this work. So I would love to follow up with you and have a longer conversation. I think economic concerns are key but not sufficient to meet the challenges that the rural communities experience.

Mr. FORTENBERRY. Well, if I could interject right quick, the reason—we tend to default to economic terms because we can measure it. The harder, more subjective aspects of livability and well-being are harder to put a number on, but then we translate language that really is inhuman, and what we are talking about here is the most human of things: well-being, opportunity, solidarity, being able to enjoy the pastoral quality of life, which really is the hallmark of America. So this is why I proposed it. So I am happy that you responded generously. Thank you. But the next—go ahead.

Mr. MAXSON. Thank you. I think I would like to ask Acting Administrator McLean to address the way we collaborate around broadband.

Mr. FORTENBERRY. Thank you.

Mr. McLEAN. Well, yes. Thank you very much. The RUS has been working with the Federal Communications Commission and the National Telecommunications Information Administration. We have regular meetings with each other. We have an initiative that is called the American Broadband Initiative. You know, we share information. We share data. We share our mapping information with each other and coordinate our programming to make sure that we don't overlap, and we sequence our work together.

Mr. FORTENBERRY. Great. What is the outcome of that coordination? Right now, I think it is fair to say that we have fragmentation, and the outcome obviously we are striving for is enhanced accessibility and affordability. Those are the key metrics. So speak to the outcome of the deliberations, not just the process, and as it lends itself toward enhanced accessibility and affordability, please.

Mr. MCLEAN. Sure, absolutely.

And, of course, the core vision of our program is to be able to use our affordable financing, and with the great support of this committee, the Reconnect Program, which, for the last several years has committed meaningful grant dollars to the RUS program to be able to bring broadband to where it hasn't been before.

And so an example of that coordination is RUS loan programs frequently leverage the universal service support mechanisms of the Federal Communications Commission. We take into account the RDOF, the Rural Digital Opportunity Fund, funding opportunities that the FCC has made in terms of how we structure our programs, and we do work together to make sure we don't overlap.

Mr. FORTENBERRY. Let me interject. I am sorry. My time is going to run out shortly.

So give us a metric of progress. Can you give us a metric of progress? Remember, in my opening statement, I asked inspector general how are we measuring the effectiveness of this, and she couldn't answer it. This is not a judgment or an indictment of her. It is just simply that we have to work harder on the metrics of success.

Mr. MCLEAN. Sure. Well, I think one of the most fundamental metrics of success is the delivery of broadband services to where it wasn't before. And that is where you have to start. You have to deliver the infrastructure so that communities can take advantage of that infrastructure.

And we see that right away. We see that in the job creation. We see that in healthcare opportunities. We see that in educational opportunities.

The pandemic has given us an incredible research opportunity but also comparable examples of what happens when you don't have broadband.

Mr. FORTENBERRY. That is right. I am going to interrupt you—I am sorry—because I only have 15 seconds left. That is exactly the point. I think we have made a digital leap in the pandemic, but it also, in addition to creating huge opportunities for us, it helps us identify the weak spots. I think we need—

Mr. MCLEAN. Yes, sir.

Mr. FORTENBERRY [continuing]. To come back—I think we need to come back to this question, so I will yield back to the chairman now. Thank you.

Mr. BISHOP. Thank you, Mr. Fortenberry.

At this time, I am happy to yield to the gentlelady from Maine, Ms. Chellie Pingree.

Ms. Pingree.

Ms. PINGREE. Thank you so much, Mr. Chair. Thank you for holding this hearing.

And congratulations, Mr. Maxson. I am very excited to see you in this role, and I know that the great depth of experience that you

have had working in rural communities will serve Rural Development very well. So thank you for being there with us today—being here with us today.

I think, because we are all talking about broadband, you will quickly note that it is a very bipartisan interest on this committee. It, you know, sort of stretches to all geographies, and, frankly, each of us claims that our district is the worst served by broadband, but mine is. Mine is. Mine is 49th in the country in access and 49th in the country for speed. And we occasionally move up the list, so—but we are always close to the bottom.

So I want to dig in on a few of the details since we are really talking about it, and one of my concerns is, in our State, about the smaller communities that are so anxious to get access to broadband. And you used a phrase that I really appreciated. That was better resourced communities shouldn't be the only ones who have access to rural development programs.

Very few communities in Maine have a town planner on their staff. We have lots and lots of small communities. And so they don't really have the capacity to be able to apply for some of the grants or jump through some of the hoops that are necessary. And they are often served by small ISPs who are trying very hard to get the connection to rural parts of their State.

So I have a couple of parts to this. I am interested to know how you conceive that Rural Development could work, particularly through the Reconnect Program, to support smaller grantees and if it would ever be possible, for instance, to have projects under \$5 million have a little bit less of a challenge?

And I just want to use an example that I recently learned. So there are three communities in our State that were awarded funding through Reconnect in January of 2019. They have been following the guidelines, but two of those three are not expected to connect a single resident until spring of 2023. So—but that is a long, slow build.

We compared it to some of the projects that were funded through our State using the CARES Act funds, and they are going to be completing in 8 to 12 months. So I am not completely sure what the big differences are, but I think it is a good example that gives us a chance to try to understand how do we make this workable and not only available to larger communities with, you know, big staffs and resources to jump through the hoops.

Mr. MAXSON. Thank you for that.

So two quick facts, and then I would like to ask, again, Chris McLean—after 103 days, I don't have that much detail, and that was a very detail responsive—

Ms. PINGREE. I understand.

Mr. MAXSON. A hundred percent, we believe that we are committed to doing everything we can to spread truly high-speed broadband to 100 percent of the country, and I think that American Jobs Plan identifies the scale of resources necessary to make that happen.

And I will ask Acting Administrator McLean to pick up from there.

Mr. MCLEAN. Yeah, well, thank you. Yeah, thank you very much, and thank you for that question because one of the—one of the



great benefits of the Reconnect funding formula that this committee and the Congress has provided is the 7-percent solution, which the Acting Under Secretary has referenced. In other words, that you gave us 7 percent of our funding to be able to put to outreach and technical assistance and administrative support.

One of the things we are doing with that—those resources is trying to build an application system that is customer friendly so that you can apply for Reconnect funds and minimize the levels of mistakes or errors so that you could stay in the game.

Another thing that we have done this year is we did a second chance on our second round of funding so that we could take a deeper look at those projects that were really close but needed a little bit more effort to be able to get it across the finish line.

And then one of the guiding principles we have—and, again, thank you from the bottom of our heart for providing meaningful grant support to this mission because then we can use grant dollars and target them to the communities that need it the most, and that is really the key to be able to help underresourced communities because when our portfolio was only a small grant program in Community Connect and loan dollars, that missed a large number of communities that needed more help.

So that ability to be able to take grants to the most needy areas, loan-grant combos to those in the middle, and loan only to those that can afford it seems to be a good—a good pathway for us forward, but I agree absolutely with you and the Acting Under Secretary that we do need to be able to focus both technical assistance and outreach to those communities, those small communities. They are absolutely right.

Ms. PINGREE. Thank you so much. I am out of time, but I appreciate your thoughts on that, and we might follow up with a couple more of the specifics just so we can better understand where the challenges are, but thank you. I appreciate it, and I yield back.

Mr. MCLEAN. Thank you.

Mr. BISHOP. Thank you, Ms. Pingree.

At this time, I recognize the gentleman from Maryland, Dr. Harris.

Mr. HARRIS. Thank you very much, and welcome, Mr. Maxson.

A couple of issues. First, the Community Facilities Loan and Grant Program, very important in my district, as many rural districts, because important facilities, such as hospitals and fire departments, use this. In my district, East New Market Volunteer Fire Department, for instance, has one of these loans.

But they are frustrated because interest rates are now at generational lows, but they are having a problem refinancing this because they don't—they are uncertain, first of all, whether USDA can refinance them through the USDA, or whether or not they can go through a private refinance, or do they need the permission of USDA to refinance and take advantage of these low rates?

As you know, these volunteer fire departments are financially hurting because of COVID, their inability to raise money, and this would substantially help them financially.

Mr. MAXSON. Thank you for that question. I am going to ask Acting Administrator Parker, who is a specialist in the CF program.

Mr. PARKER. Thank you, Congressman, for that question, and I appreciate the committee support of the Community Facilities Direct Loan Guarantee and Loan Grant Program.

There is a priority to refinance projects under our Community Facilities Guaranteed Loan Program where a private-sector lender would come in and make a loan and USDA would put a Community Facilities guarantee on that loan. Typically those rates are not as low as our Community Facilities Direct Loan interest rates.

We do not have the authority presently available in order to offer refinancing under the Community Facilities Direct Loan Program unless it is less—the refinancing is less than 50 percent of the total project cost. So, if they were doing some other construction or an expansion, we could go in and refinance a portion of that loan.

They don't need USDA permission to come in and refinance with a private-sector lender. They would just present us with a payoff at that time.

Thank you for the question, sir.

Mr. HARRIS. Okay. No. Thank you very much.

And because broadband is obviously—it is a broad—widely bipartisan interest in that, we do have providers in the Broadband Initiative Program who have taken advantage of—who have applied and have actually gotten awards, but they have expressed their—some of them expressed their frustration with the administrative burden that accompanies receiving the funds.

Their complaints to my office include outdated contract language, overly prescriptive auditing and cost justification requirements, as well as the process just generally being slow to the point of discouraging some of the providers from participating in the program.

While I do appreciate clearly, you know, thoughtful and diligent stewardship of taxpayer dollars is always important, I am sensitive to some of their complaints. So are you aware of that type—those types of issues with some of the providers who, in fact, have these contracts to provide broadband service?

Mr. MAXSON. Yes, sir, absolutely. We take seriously the concerns of our partners who are recipients of our—of these resources and are doing everything we can to make the application and their reporting process as smooth as possible.

Let me ask Administrator McLean. He may have a couple more specifics that he can share there.

Mr. MCLEAN. Yeah. Thank you very much, Congressman. Your point is very well taken.

We are vigilant, I will say, with our supervision of the funds. We take great pride in the fact that we can pretty much check every penny that is expended. And not every Federal program can do that, even every Federal broadband program can do that, because we are infrastructure-oriented. And so, yes, I understand, and we took special care during COVID to be careful about that burden we are putting on our borrowers and our awardees.

But, yes, we do understand, and we are trying to make that as customer-friendly as possible.

And, in terms of the pace of approval, these programs are very, very popular, and they are very competitive, and we have oversubscription, so we have to carefully weigh the projects, display them against each other, and be able to work to make sure that

they are successful. And we do want to minimize the administrative burden. But, at the same time, we don't want to let down our guard on vigilance with taxpayer dollars because these are serious undertakings.

And, again, thanks to the help of this committee, these are substantial awards.

Mr. HARRIS. All right. Thank you very much.

I yield back.

Mr. BISHOP. Thank you very much.

At this time, I am delighted to yield to the gentleman from Wisconsin, Mr. Mark Pocan.

Mr. Pocan, you are now recognized.

Mr. POCAN. Thank you very much, Mr. Chair. I appreciate it.

And thanks to our witnesses.

I guess, in this committee, or probably maybe in Congress, if it is a day ending in Y, it is broadband day, because we all want to talk about broadband.

So, as one of the founders of the Rural Broadband Caucus—bipartisan caucus, by the way—you know, I live in a rural town of 800-some people, just got broadband 3 years ago. We had a satellite prior to that where I was paying an ungodly amount to ensure I would be connected.

One of the issues with trying to get this investment that we are trying to put into broadband that the President is proposing and through Reconnect is that many local communities and States have barriers that make it harder to get the dollars out. They don't allow municipalities to do their own broadband.

Can you talk for a second about the difficulty it is in getting Reconnect out when some of the utilities in local communities have these local barriers and what we might be able to do to get around those?

Mr. MAXSON. If you would, Chris?

Mr. MCLEAN. Sure. I would be delighted to.

One of the things that we have encouraged in the Reconnect structure is a level of consultation at the State and local level, and we want to encourage States to be able to remove those barriers. Of course, as a Federal agency, you know, we are a lender, a funder. We don't have preemption authority over State rules regarding what municipalities can and cannot invest in.

But we have seen across the country that, you know, municipal utilities are an incredibly powerful force to bring infrastructure to rural America. In fact, our entire water program is based on municipal investment.

And so it is a model that works. We support it. We invest in cooperative nonprofit entities and for-profit entities, as well as municipal and Tribal communities and welcome that, and we welcome States opening up their authority so that—so that we can find the right partner to solve this—solve the riddle of broadband deployment.

Mr. POCAN. Well, thank you for that.

And, you know, let me do a followup from Mr. Harris' question also on the Reconnect funds. So we have heard that, you know, sometimes that application process can be slow. We had one applicant who waited well over a year before finding out they were re-

ceiving a Reconnect award, getting the first construction permit approved.

Just wondering if there is things that we can do to make that application process a little more maybe user friendly and get those dollars out faster?

Mr. MCLEAN. Yeah. Well, thank you. I will echo what the Acting Under Secretary said. Investment in technology and investment in staffing will help speed the processing along.

What we have done with that 7-percent solution I told you about earlier in the Reconnect award is—and that is by the design from Congress in how they are able to use those funds, and we appreciate that—we are building the most modern of our input—intake systems using those Reconnect funds to try to make it easier to apply.

Now, in Reconnect, we make the award first, and then we go into the environmental review. Usually, it has been opposite, where we do the environmental review, then you go to the underwriting. But, in order to speed the obligation process and so that applicants can be assured that they were getting the funding they needed in order to go through that environmental review, we made the award subject to the approval.

And COVID, frankly, has slowed that down a little bit as we had to get, you know, more time to have consultations with State historic preservation offices and Tribal historic preservation offices. And, as the end of COVID is in sight, we are hoping that that will be able to speed up as well as adding to the capacity of our ability to process.

Mr. POCAN. Great. Thank you.

And 45 seconds left. Mr. Maxson, I am going to ask you a big question, but, as you know, there is a lot of consolidation going on in agriculture. You know, 85 percent of the U.S. beef market is four companies. Wondering what rural development could do to combat that increasing power those giant agribusinesses are having on my rural constituents.

Mr. MAXSON. Thank you for that question.

We think small businesses are critical. There are a range of tools that can support them with the sort of flexible capital that small businesses need to get ahead, from grants through the value-added producer grant to loans through the IRP program to other things.

USDA, as a whole, is taking on this question with real appreciation and a range of tools aimed at helping local food systems accelerate.

Mr. POCAN. Great. Thank you.

And I yield back, Mr. Chairman.

Mr. BISHOP. Thank you.

At this time, I recognize Mr. Valadao of California.

Mr. Valadao, you are now recognized for your questions.

Mr. VALADAO. Thank you, Chairman. I appreciate the opportunity.

I want to make sure that I don't distract too much away from the broadband issue because that is a huge issue for all of us, and I think that is—and I appreciate all my colleagues bringing that up, but I do need to bring something up that is just a little bit different.

I have been meeting with folks all over my district over the past few weeks, and because of this ongoing pandemic, many constituents are not able to pay their utility bills, and this is creating a huge burden, especially on my community service districts.

Some of these small communities, I met with one just yesterday—very small community, and their normal delinquent rate is—dollar amount is about \$2,000, and they are up to \$20,000. Some that were normally around \$200,000 are up to \$600,000. And so obviously for these community districts to be able to service the communities, provide water, sewage, it is already difficult enough. You add in the fact that these guys are seeing double, triple, and sometimes even 10 times the amount of delinquency. Then, when we get into the process of applying for grants or other types of resources, this big of a hole in their budget makes it more difficult for them to come up with matching funds.

Do you have any plans to be able to help these community service districts, cities, counties, and others who are struggling with this, and how do you plan to address it?

Mr. MAXSON. Thank you. It is a great question.

We have spent significant time trying to understand the conditions in which these districts find themselves. It is painful and important that we figure out the right tools.

Again, I am going to ask Acting Administrator McLean to share his thoughts on this as he has been closest to these conversations.

Mr. MCLEAN. Yes. Thank you very much.

And, as a lender, of course, we are equally concerned about that issue of delinquent accounts. And we expect that to return to a more normal level post-pandemic, so we see this as a transitory problem at the moment.

For individual consumers, it is a very serious issue, and in the Rescue Act, there were several resources that were made available for consumers: enhanced funding for Low-Income Home Energy Assistance programs. The Department of Treasury has a homeowners' assistance program that has among its authorities the ability to be able to help pay utility bills.

And we work with our borrowers, and many of them have programs that they have adopted themselves to be able to help consumers through that crisis.

Where we have a utility that is affected by a liquidity crunch, as you say, we do have some tools available to be able to help them get over this hump of the pandemic. We do still believe that they are fundamentally strong and will be able to endure this.

And I don't have any—in the Utilities Program, we don't have any specific programs that are directed towards individuals, but to the extent we can work with our utility borrowers to extend grace to those troubled consumers, we are absolutely all in and helping them.

Mr. VALADAO. All right. I look forward to that. That is something I will have my staff reach out to yours to make sure that, whatever is available, we are able to help provide because, in so many situations, the folks that are administering the community service districts were telling me that there are programs out there, but a lot of times it requires the constituent to actually fill out the documentation and do some of the work, and they are not even willing

to do that, and so it puts these community service districts in a really bad spot. And so they look for grant opportunities. Any capital that they might possibly have has been eaten up by this, and it just puts them in a terrible bind.

Mr. MCLEAN. Yeah, absolutely. And we get those heartbreaking messages from individual consumers that can't pay their bills. First, we refer them to the utility who may have programs available, and then to the State agencies that are administering programs like LIHEAP. And LIHEAP also has some availability to help on water utilities as well.

Mr. VALADAO. So LIHEAP does have the opportunity to help with some of the water utilities when it comes to——

Mr. MCLEAN. Yes, I believe so.

Mr. VALADAO. All right. Perfect. Thank you.

I have got more questions, but I will wait until the next round since I only have 30 seconds. So, Mr. Chairman, I will yield back. Thank you very much.

Mr. BISHOP. Thank you, Mr. Valadao.

And, at this time, I am delighted to yield to the gentlelady from Illinois, Ms. Lauren Underwood.

Ms. UNDERWOOD. Thank you, Mr. Chairman.

Mr. BISHOP. You have 5 minutes, Ms. Underwood.

Ms. UNDERWOOD. Thank you, Mr. Chairman, and thank you to our witnesses for joining us today.

One of the counties in my district, much of which is rural, has no inpatient hospital within the county lines, which means that, during this pandemic, the county's ICU capacity has been zero.

Even before the coronavirus pandemic, these communities faced critical healthcare shortages, including a lack of mental and behavioral health services, facilities, and professionals. These access gaps have been especially concerning as our communities grapple with the opioid epidemic and other substance-use disorders.

Mr. Maxson, can you describe the barriers rural communities face when attempting to finance healthcare facilities and infrastructure and what the rural development agencies are doing to address these barriers both independently and in coordination with agencies like the Department of Health and Human Services or other Federal partners?

Mr. MAXSON. Thank you for your question.

There are so many reasons that rural healthcare is critical, as you obviously know. The health of local residents as economic engines that create jobs and help provide a high quality of life, we have taken seriously, particularly over the last several years their health, economic health. The Community Facilities Program grant, loan, and guarantee has been particularly focused on health facilities.

If I could ask Acting Administrator Parker, he has specialized in healthcare facilities.

Mr. PARKER. Thank you for that question, Congresswoman Underwood. Very much appreciate the committee's support of our rural healthcare facilities.

We often hear from them about workforce shortages inside the rural areas, lack of training and capacity, bypassing the rural healthcare facility to go to a more urban facility——

Ms. UNDERWOOD. Right.

Mr. PARKER [continuing]. Causing a lack of patients there—

Ms. UNDERWOOD. If we could just talk about the solutions, sir. I am sorry. We have limited time. What are you all doing to address this?

Mr. PARKER. Yes, ma'am.

So we have both our Community Facilities Direct Loan and Grant Program—48 percent of our portfolio is invested in rural healthcare facilities. We also appreciate what the committee has recently given us, the emergency Rural Healthcare Grant funding that provided \$500 million in funding to address health-related facility—testing and vaccine facilities, also, related to the pandemic.

So we are working very quickly to be able to get out a funding notice and make those funds available to rural communities that are in need of healthcare solutions.

Ms. UNDERWOOD. And outside of the COVID environment, have you all been working with HHS on this issue?

Mr. PARKER. Yes, we partner with HHS, especially the Health Resources and Services Administration. We have a number of stakeholders—the National Health Association, the National Health Clinic Association—that we work closely with.

Ms. UNDERWOOD. Okay. If there are any actions that we can take in Congress to support USDA's actions in that area, we will go ahead and submit a QFR for that, and if you all could respond in writing, that would be great.

I look forward to continuing the dialogue on how we can support the rural healthcare needs. It is so important not only for the health of our rural communities but for the economy and the job market in those areas, as you mentioned.

Now, during his confirmation hearing, Secretary Vilsack stated that biofuels should be part of the effort to reduce carbon emissions on our path to net-zero by 2050, and I know that many corn growers in my district were heartened by those statements. The biofuel market is absolutely critical for farmers in my district and the economy of Illinois.

In recent years, we have seen that it has been especially tough, given the Trump administration's abuse of small refinery waivers and the disruptions caused by the pandemic.

So this is for Mr. Maxson or Dr. Neal. The White House's skinny budget and the American Jobs Plan don't currently have a lot of details on biofuels infrastructure. Can you elaborate on your role, at least within the agency, around biofuel programs and USDA's and the administration's climate strategy?

Mr. MAXSON. Yes. Thank you for that.

I will just really quickly say, in the American Jobs Plan there is \$15 billion, a large chunk of which is aimed at the biobased product loan guarantee program, 9003, which aims to support the commercialization of biobased products.

I am not privy to how much of that \$15 billion will be aimed at 9003, but I believe the Secretary is very serious when he says biofuels and biobased products have got to be part of our long-term set of climate solutions.

Ms. UNDERWOOD. Okay. So is that something that your office is involved with, or no?

Mr. MAXSON. Yes, ma'am. Very much so.

Ms. UNDERWOOD. Okay. Thanks.

Thank you, Mr. Chairman. I yield back.

Mr. BISHOP. Thank you, Ms. Underwood.

At this time, I recognize Mr. Moolenaar, the gentleman from Michigan.

You are now recognized, Mr. Moolenaar.

Mr. MOOLENAAR. Thank you, Mr. Chairman.

Thank you to our witnesses today, and appreciate the work you are doing and the importance of rural development.

I wanted to mention—and you may or may not be aware of the flooding event that occurred in mid-Michigan in May of 2020. Last year's catastrophic flood was the result of a historic rain event that led to the failure of two dams in my district. And the devastating events of that day essentially wiped out a 100-year-old ecosystem created by the lakes and dams and caused about \$200 million in damage, with millions more lost to the economic impact and the hardship it has had around the small communities surrounding.

And a major disaster declaration was issued by the President last July, and the USDA was one of the first Federal agencies to respond, and I was very grateful for that. Former USDA Deputy Under Secretary for Rural Development Bette Brand came to our district with a pledge to support our recovery process. That has been happening, and the rebuilding and recovery efforts continue as we speak.

And I just want to personally say, on behalf of thousands of mid-Michigan residents whose lives or businesses have been affected by this disaster, especially the 10,000 residents that were forced to evacuate, I thank you for the work you have been doing, and I want to ask for your strong support in the recovery process as we go forward.

Along those lines, I would also like to invite you to come and visit mid-Michigan to see firsthand the work that Rural Development is doing to support the recovery and rebuilding efforts from last year's historic flood as well as the work that still needs to be done.

Broadband is key, connecting our underserved and unserved residents. And I want to just also highlight that as well.

I wondered if you might comment on if you are familiar with the situation, and, if so, or if not, is that something we could follow up and have a discussion to kind of look at the progress that has been made as well as things that still need to be worked on?

Mr. MAXSON. Yes, sir, I am broadly familiar with it, but I would love to have an opportunity to speak with you and hear about it from your standpoint. And I would love to do that face-to-face when that is possible to do.

Mr. MOOLENAAR. Wonderful. And I will follow up with you on that, and I am grateful.

And, Mr. Chairman, I know we have other questions, but I want to yield back.

And thank you for your work on rural broadband. That is huge in my district as well.

Mr. MAXSON. Thank you.

Mr. BISHOP. Thank you, Mr. Moolenaar.



At this time, I am delighted to yield to the gentlelady from Minnesota, the chair of the Defense Subcommittee of Appropriations.

Ms. McCollum, you are now recognized.

Ms. MCCOLLUM. Thank you, Mr. Chair.

Good afternoon. And I want to thank you, Mr. Under Secretary, as well as your whole team here and everybody at USDA for all the work that they have done during COVID and going through a transition that didn't go very smoothly and now working on getting the budget done. So I know you folks are working really hard for us.

And, Mr. Maxson, I appreciate in your written testimony—and I really mean this—about the impact of broadband that it had on some of our Tribal communities and the role Rural Development can play in continuing to help to bridge this digital divide.

The pandemic intensified the digital divide. And as my fellow Members of Congress know, Native Americans disproportionately suffered, more than any other group, during this pandemic. And we know that most of them are isolated, very isolated, in rural America.

So this new sense of urgency to address these inadequacies is upon us, and we want to do something about it.

But Tribal communities, to be clear, like other rural communities, maybe even more so, have struggled with access to have reliable, affordable broadband for years. And they are some of the most underserved populations across the country. The lack of broadband inhibits Tribal communities to support things like economic development, healthcare, and public safety.

And the biggest impact for them has truly been on education in their rural and remote areas. The Bureau of Indian Schools is chronically underfunded. They are operating with aging technologies, computer equipment if they have it, laptops or even tablets if they have them. Sixty—excuse me, I want to get the number right—thirty-six percent of Native students have no access to the internet in their home.

Tribal colleges and universities are faced with the same chronic underfunding problems as they go into the pandemic. And they have some of the slowest internet speeds at the highest cost. Many of the institutions of higher education in this country are really lacking reliable internet connectivity for their students when they go home.

So these disparities put Native Americans at a distinct disadvantage to their peers across the country. Their ability to compete in the 21st-century economy is dependent upon the internet. It has the potential to worsen with generational poverty if we don't do something about this.

So I would, you know, like to hear more about—because you understand these unique challenges to my rural brothers and sisters. And I have family who live in the rural parts of the United States too. I get rural.

Could you maybe tell us a little more about what you are going to do to help Tribal schools and at the same time you are helping Tribal healthcare?

Mr. MAXSON. Thank you for that. It is an incredibly important set of concerns. If the pandemic has underlined nothing else, it has

clearly made obvious that broadband is a necessity, not an amenity. And Tribal communities, in particular, have so many deep infrastructure concerns.

Under Secretary Vilsack's leadership, there has been a real intention to lean into Tribal consultations and have an open ear and engage directly to really understand both the challenges and opportunities.

There are a range of carve-outs across our infrastructure programs aimed to specifically provide grant resources to Tribal communities to ensure those with the most need have access to the dollars that are the most helpful.

And I will just end by saying the StrikeForce initiatives in the budget I think will be really important in the colonias, in Native communities, in Appalachia, where boots on the ground and technical assistance resources aimed at bringing a whole-of-government approach to these long-term challenges will be a critical effort.

Thank you.

Ms. MCCOLLUM. Well, I want to thank you for your effort. And Ms. Pingree, who chairs the Interior and Related Agencies, which includes the Bureau of Indian Education and Health Resources—and I am on that committee as well, too—look forward to working with you to make sure that broadband is strong all over the rural parts of this country.

Thank you, Mr. Chair.

Mr. BISHOP. Thank you, Ms. McCollum.

At this time, I am delighted to yield to my friend and fellow Blue Dog, the gentleman from Texas, Mr. Henry Cuellar.

Mr. Cuellar, you are now recognized.

Mr. CUELLAR. Mr. Chairman, thank you so much for your leadership, and also to the ranking member. Again, I want to thank both of you. Mr. Chairman, thank you for putting this hearing together.

And I certainly want to thank Under Secretary Maxson, Dr. Neal, Mr. Parker, Mr. McLean. Thank you so much. I look forward to working with all of you.

Under Secretary Maxson, I want to say thank you. I saw your written statement; you mentioned "colonias." And I just heard you use the word "colonias" again. And I am so happy because I think you and I are going to be on the same page. So, first of all, thank you for that.

I have three questions, but two of those questions will be submitted in writing.

Mr. CUELLAR. One of them has to do with, you know, we are concerned about the status of several electric cooperatives through the State of Texas that have incurred significant debt by keeping the power on during that difficult time. Again, in my opinion, I think it was a problem with Ercot, but still now we have those electric cooperatives who are suffering. So we will send you a detailed question on that.

Also, you know, my parents were farmworkers, so anything we can do to help farmworkers, I appreciate it. I will also send you a question to see whether Rural Development can partner up with different organizations who are serving farmworkers in the delivery of services and programs to them. So I will send you a question.

But what I want to focus on today is colonias. I represent a border area. Four of those counties—Hidalgo, Starr, Zapata, Webb—even La Salle, are what we call StrikeForce counties, home to border colonias. There are about 2.5 million residents living in colonias, communities that suffer from high rates of poverty, along the southern border of Texas, New Mexico, Arizona, and California.

As you know, those colonias are characterized by substandard housing, dirt roads, lack of access to potable drinking water, inadequate sewage disposal and drainage systems. On top of that, you have the problems, sometimes, of poor education, health services, limited job opportunities, high unemployment rates. And, of course, whether it is water or waste disposal infrastructure or broadband, as my other colleagues have talked about, I say that border colonias are considered a forgotten America.

I have been dealing with colonias since I was in the State legislature, 1989, and they are still there. Thousands of them are there.

So I would like to follow up—I have about 2½ minutes or so—see if I can get your thoughts. But I would love to follow up with you, Mr. Under Secretary, and Dr. Neal and Parker and McLean also, because we need to have some sort of colonia initiative coordinator. In the past, we used to look at EPA, but EPA only does one little part.

I really feel—and I will be on for another 20 minutes, because I have a USDA announcement with Rural Development here in Atascosa County, and thank you so much.

And I just have to say that if there is any agency that can build from underground to top, all the way, it is USDA. And you probably are the fastest agencies that we work with in Appropriations, at least my personal opinion.

So I want to get your thoughts on that and ask you if I can follow up, Mr. Under Secretary.

Mr. MAXSON. Yes, sir. It is such an important issue.

I have a deep—it resonates with me, as an Appalachian person, where I am from, what generational poverty means and the challenges that it creates. And I am hopeful the new StrikeForce 2.0 has a real potential to be the sort of focused effort that brings all of USDA and strategic connections to other agencies in really deep ways to provide the range of assistance that communities need, from infrastructure to human capital, to technical assistance.

And I think USDA is unique in the breadth of tools that we have, but building local relationships and connections to actually understand the challenges in the places, in my sense, is the critical thing. We can't define the solutions. We need to be close enough to the ground, in communication, to understand the challenges and the possibilities. And StrikeForce 2.0, under the Secretary's leadership, I think will be that.

So I really look forward to the opportunity to have additional conversations with you about how we proceed on that.

Mr. BISHOP. Thank you, Mr. Cuellar. I believe your time has expired.

At this time, I am delighted to recognize the gentlelady from New York, Ms. Meng.

Ms. Meng, you are now recognized for your questions.

Ms. MENG. Thank you, Mr. Chairman, and thank you, Mr. Ranking Member.

And thank you, Mr. Under Secretary and your whole team, for the work that you do and for being here today.

I wanted to ask about rural water infrastructure. As you know, this pandemic has really highlighted the importance of having non-contaminated water for drinking, handwashing, and hygiene. Reports estimate that 60,000 community water systems in America—of the 60,000, 93 percent of them serve populations of fewer than 10,000 people.

Old water supply systems pose a huge risk to public health, as corroding pipes can leach lead and copper directly into the drinking water supply. This problem also disproportionately affects communities of color in rural America, with Black and Latino neighborhoods in upstate New York, for example, being 12 times more likely to get lead poisoning than children in White neighborhoods.

It is clear that fixing this problem will take a cross-agency, whole-of-government effort. I was grateful to see that President Biden's top-line budget supports increasing the Rural Water and Wastewater Grant and Loan Program. And I was wondering how USDA intends to use this proposed increased funding to the grant and loan program.

Mr. MAXSON. Thank you for that. I will ask Acting Administrator McLean to take that one on.

Mr. MCLEAN. Thank you very much. And thank you for raising an extraordinarily important problem.

And we were all so encouraged to hear the President mention, you know, water, broadband, electric grid, RUS. We were cheering when the President addressed the Joint Session of Congress—and specifically mentioning this question about lead. So we take that as a mandate to get the lead out and work hard on this problem.

And what is nice about the RUS water program is it has probably the largest panoply of opportunities, everything from our Circuit Rider Program where we can put technical assistance on the ground to help individual communities, and we have technical assistance grants that can help with those pre-application. We have the SEARCH grants on pre-application. And then we have the loan, loan grant, and loan-grant combination opportunities to be able to build the infrastructure.

So it is very, very important. And the quality of water, again, is essential to the quality of life. And we have at this moment about \$3 billion of applications in our queue ready to go, and we have a lot of funding, but we have more applications than we do have funding. And we are, again, grateful to the committee for its strong support of the Water Program, and we are going to do everything we can to put that to its most effective use.

Ms. MENG. Thank you.

I have one more quick question about the LAMP program, Local Agriculture Market Program. And the Value Added Producer Grant Program within LAMP has been really helpful to past efforts in developing more resilient local and regional food systems. I believe that LAMP is a key vehicle for those efforts to rebuilding back better as our country seeks to recover from this pandemic.

But I was surprised to see that the administration was only requesting \$15 million in traditional discretionary funding for the program, which is less than what our subcommittee had appropriated in the past. So just wondering what you might be able to tell us about your plans for LAMP and VAPG, and does this funding request include the Value Added Producer Grant Program?

Mr. MAXSON. Dr. Neal.

Ms. NEAL. Thank you so much for that question and for your interest in these really important programs. We obviously are looking very closely at the budget and wanting to make sure that we can have resources for these programs. They have had an impact, and they have been popular.

We are also interested in thinking about, to your sort of larger question, around food systems, you know, what are the other kinds of resources that we can inject into the food systems pathway. So we think about the Healthy Food Financing Initiative, other kinds of programs as well.

And so, really, what we are wanting to do is address those issues. We know that the Value Added Producers Grant and LAMP and other programs can do that, and we want to make sure that we have a cohesive method of doing that. And we will work with the budget to make sure that that happens as best we can.

Ms. MENG. Okay. Thank you. I look forward to working with you on that.

I yield back.

Mr. BISHOP. Thank you, Ms. Meng.

That concludes the first round of questions.

I guess I will go back to Dr. Neal, regarding food deserts.

Of course, you just touched on food and nutrition, but more than 40 million Americans still lack reasonable access to nutritious and affordable food, including 4.6 million in rural, low-income communities. As we have seen in the COVID-19 pandemic, having access to the healthy, affordable food is essential, and our system was too easily disrupted in the crisis.

We are pleased that USDA administers the program through community development finance institutions that can raise private capital, provide financial and technical assistance, support local partnerships, and directly fund projects that improve food access in all communities, with a special focus in rural communities. We have got too many rural food deserts.

Given your past experience, how can USDA build on the successful model? And how can the American Rescue Plan be used to further support equitable food systems? And how can we put grocery stores in rural communities, where now they can't be afforded because it is just not commercially sound for the communities to support them? Can you give us some tips and a plan, perhaps, of how we can eliminate these food deserts with grocery stores?

Ms. NEAL. Thank you so much, Representative, for these really important questions. As a former lead of a CDFI loan fund, I am certainly attentive to these issues and thoughtful about them.

One of the things that we want to do is to think through how we can make sure that more CDFI entities, whether they are loan funds, community development banks, community development credit unions, or venture funds, that they have access to our pro-

grams, know how to access them, know how to engage with them, so that they can provide access to capital for the communities and the projects that mean the most—many of those projects which, as you know, are very much in line with the priorities of this administration.

So I think there is really an opportunity there to engage, further engage more through development financial institutions in this work.

As mentioned when we talked about responding to Representative Meng's question as well, I mean, I think there are a number of programs that we have that can help address food deserts and those kinds of things, from, one, thinking about the food itself, so things like the Value Added Producer Grants and those kinds of things, but also thinking about the businesses that are going to serve as the entities through which that food is delivered. So, you know, these may be the IRP program, intermediary loan program, that might help finance the business, or the RMAP, the Rural Microentrepreneur Assistance Program, which might, again, help finance these kinds of entities.

And I think, you know, we want to be sensitive to the fact that there are a variety of business models that can help address these issues, from traditional businesses to cooperatives and others. And we stand ready to assist and to work intentionally around that effort to help close those gaps.

Mr. BISHOP. Thank you.

Let me shift gears a moment. Based on the information that we get from USDA every week, it looks like Rural Development has fully obligated the CARES funding for distance learning and telemedicine grants, and ReConnect Grants has put a lot of business industry funding out there.

The Rural Development 2021 supplemental funds and the American Rescue Plan funds have not yet been obligated. Of those funds, I am particularly interested in the \$100 million for Rural Rental Assistance and the \$39 million for relief of direct single-family borrowers and for borrowers for Home Repair funds.

Now, these are among the poorest populations that you serve. Can you speak to any holdups or problems that you have in getting this assistance out and when it will be available?

Mr. MAXSON. Mr. Parker.

Mr. PARKER. Thank you for that question, Congressman.

The \$39 million that was made available for single-family housing is going to be used to refinance borrowers who have been under forbearance due to the COVID-19 pandemic.

Those funds have been moved into our IT systems and are available now for agencies to utilize. We expect to put out directions later in May regarding how those funds will be utilized, advising our field staff and the rural constituency on the use of those funds. And we plan to begin accepting applications for those dollars late May to early June.

The funding, the \$39 million in budget authority should allow us to make approximately \$650 million in 502 Direct Loan funds and \$18.8 million in the 504 Repair Loan.

Mr. BISHOP. Thank you, Mr. Parker.

Mr. Fortenberry.

Mr. FORTENBERRY. I want to return to the broadband discussion, and let's just call it "the gap." So we have to define the gap and close the gap. How are we defining the gap? How are we closing the gap?

Mr. MAXSON. I am sorry, I just lost internet. I am actually in the Whitten Building, and it just came back on, so—

Mr. FORTENBERRY. That is exactly what I am talking about, the need for more broadband, right?

Mr. MAXSON. I apologize, Representative Fortenberry, but I need the question again.

Mr. FORTENBERRY. That was perfectly on cue, perfectly timed. Thank you to the wonderful staff for teeing that up. Well done.

Rural broadband, back to the discussion, I am calling it "the gap." How do we define the gap? How do we close the gap?

So we have a mapping strategy, which appears to be fragmented—I would like to discuss that—closing the gap.

Because, I would say, there is a whole spectrum of things that we can spend so much time on, and we have done a lot of them today, but since broadband is such a bipartisan issue, there are so many funds flowing that way, it represents a huge, huge set of opportunities. Are we thinking critically about how to identify the gap and close the gap?

Mr. MAXSON. Chris McLean, would you like that one?

Mr. MCLEAN. Yes, sir. I am delighted to.

Yeah, I think that is a very good point. You have got me reflecting back to the days when I was a young Senate staffer working on the Telecommunications Act of 1996. That gap is a shifting thing. It is a thing that moves through time. The goalposts do change, as technology improves.

And I think one of the ways to answer your questions is to look at how we define our program availability. In the ReConnect Program, in round one and round two, we set out to learn, where is the worst gap? It was communities that had less than 10/1 service. And, then, where do we want to go as a minimum level? And we defined that in the funding opportunity as to build at least to 25/3.

Now, what did we get? What were our results? Our results were far beyond that 25/3, because we created incentives to go beyond the minimum.

And, as we put together the round three funding level, we are looking at that gap, as to where to direct funding and then where to—

Mr. FORTENBERRY. Okay, I think I am following you. You are trying to use your resources in the most targeted way—

Mr. MCLEAN. Yes, sir.

Mr. FORTENBERRY [continuing]. Where you have the biggest gap.

Mr. MCLEAN. Yes, sir.

Mr. FORTENBERRY. Let's try to move to the conversation about the overall gap. Just give me the aggregate. Obviously, we have a mapping process in the Federal Government.

Mr. MCLEAN. Yes.

Mr. FORTENBERRY. Speak to that, where that is—

Mr. MCLEAN. Sure.

Mr. FORTENBERRY [continuing]. How that would be updated, how quickly that will be. And then the innovative ways in which we are going to define the possibility of new delivery systems and how rapidly to close the gap.

Mr. MCLEAN. Okay. Yes. Very good.

Mapping first. Every RDAApply application and, really, all of our telecom applications start with a map. So we map what we invest in. We have the FCC's map, and the NTIA has a new map. Mapping for us is informative—

Mr. FORTENBERRY. What does it say? What does it say for the country?

Mr. MCLEAN. It is a mix. In rural areas, you have a lack of service, particularly outside of highways. The further away you get from the Interstate Highway System, the less service you have. Communities that we have been talking about this afternoon—Tribal communities have some of the poorest amount of service—

Mr. FORTENBERRY. Yeah. So I think we need a simple set of statistics that is really definable around—forget the complexities. It is not just access; it is also affordability.

Mr. MCLEAN. Yes.

Mr. FORTENBERRY. Most urban communities have ready access, but the affordability is an issue. Many rural communities may have some providers, but, again, the expense doesn't allow for this to happen.

I have a very interesting situation where a mother in a 25,000-person community here, which is rural in character, sits in the parking lot with her child to try to get WiFi so they can do their homework.

Mr. MCLEAN. Yes.

Mr. FORTENBERRY. So we want to move past that quickly.

So you know the nature of the question.

Perhaps if somebody wants to pick this up, as well. I am going to divert for a few moments, in the few seconds that I have. The chairman and I worked on a Rural Placemaking Innovation Challenge Grant for technical assistance and planning to create places where people want to live and work. I need an update status on the implementation of that from someone, if we have a moment.

Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Fortenberry.

And, at this time, I am happy to recognize Ms. Pingree, the gentlelady from Maine.

You are now recognized.

Ms. PINGREE. Thank you, Mr. Chair.

And thank you to everybody on the team here for persisting in answering all of our questions. We really appreciate the work that you are doing.

I want to talk a little bit about REAP, which is one of my favorite programs, if you can have a favorite. And I have a bill, the Agriculture Resilience Act, which looks at some policy changes, basically making sure that, to the extent possible, that the energy that is being used has the greatest possible impact on reducing greenhouse gas emissions. So giving those a priority or set-aside funding for those that would be underutilized technologies or with a particular focus on being effective demonstration projects.



So I guess I am just curious, and I know you can't decide in a minute here, but—it is not just because it is my bill, but I think it is because the administration is really focusing on climate change, and on-farm renewable energy is a great cost saving to the farmer, as we know, and also a good place in rural America to demonstrate some of the opportunities of using renewable energy.

So are there administrative changes in how you score or just any ways you could go about doing it without legislation?

Mr. MAXSON. Dr. Neal.

Ms. NEAL. Thank you again for this question, Representative. This is a really exciting opportunity.

So we are excited about REAP as well. I have been on the job now for 1 month and 1 day, and it is one of the things I have heard a lot about and read a lot about. So I am pleased that you asked the question.

REAP is—we continue to manage that program. It has been very popular. We continue to use it. One of the things that we are pleased about is the funding that you mentioned for the renewable energy pilot, where we are able to have a source of funding that we can use to pull from the best things that have worked in programs that we have had. And REAP is certainly one of those where we might be in a position to pull out the things that worked best from that and use that in portions of the renewable energy pilot, but then also think about, what are some new and innovative things that we might be able to do?

We have gotten some excellent feedback from the community, from across the country, from folks who are interested in underserved areas and underserved technologies and making sure that these kinds of technologies are available in equitable format across the country in a variety of ways.

And so we are, as particularly with this renewable energy pilot, looking forward to developing that program. A panel is convening, a multiagency panel is convening to really look at that work and help us figure out how we can develop a program that will begin to meet—or continue, really, to meet the needs that you have outlined.

Ms. PINGREE. Great. Well, thank you. I will look forward to seeing, you know, what kind of opportunities you develop and working with you on that going into the future.

The other question I just wanted to ask a little bit about is related to PFAS, which I know is an overwhelming and complicated issue that impacts so many agencies but, you know, will impact the USDA in a variety of ways.

And our State has had some issue with PFAS contamination in rural areas. And in some places, it has made wells that people use for drinking water, which are particularly important in rural communities—some of them, they can no longer use them because of the contamination.

So I am just interested in ways that Rural Development might be able to support those households where the private well is too contaminated, in terms of remediation or other ways that they could facilitate where those challenges are and where I am sure we will continue to have more challenges.

Mr. MAXSON. Administrator McLean, could you take a crack at that?

Mr. MCLEAN. I would be delighted to.

And, Congresswoman Pingree, your question could not be more timely. In a very short period of time, you should be seeing a new announcement from USDA Rural Development about distributed water resources. And it is a revolving fund where we work with organizations who can then re-lend those funds to individual homeowners who are having problems with their wells.

And so that is one of the opportunities. Plus, again, the current programs that we have. Our Circuit Riders are available to be able to help communities plan out maybe a distributed water system, you know, to hook up people who have had contaminated wells to water system water if that is feasible.

But the timing of your question could not be better. We are just moving along that documentation to make that announcement in the very near future, that the program for individual wells, a re-lending program, is about to be announced soon.

Ms. PINGREE. Great. Well, thank you for both of those answers.

And I do appreciate the revolving loan fund. I think one small challenge will be making sure people are aware of it and can access it. Because, often, if you are the one person with the bad well in a rural area, you don't necessarily know there is a revolving loan fund.

But, again, thank you. I will look forward to the announcement. If it is a really great program, I will take full credit for, you know, asking you about it in this committee, and our committee will take full credit for it as well.

But thank you so much.

And thank you, again, to everybody for your answers.

Mr. BISHOP. Thank you, Ms. Pingree.

At this time, I am delighted to recognize for a second round Dr. Harris.

You are recognized.

Mr. HARRIS. Thank you very much, Mr. Chair.

And just to follow up on the gentlelady from Maine, yeah, that wastewater and drinking water, those revolving loans and grants, they are very, very important to our rural communities, as you can imagine.

I am just going to ask a couple of aspects of the broadband. One is that, under the ReConnect Program, I am just curious, why does it have to be fixed terrestrial broadband? Why is satellite not allowed under it?

I specifically ask because there actually is one part of my district where you can't run physical cable and it is not line of sight, so satellite would make a lot of sense there.

Can you just give me the background on why satellite is excluded?

Mr. MCLEAN. Well, in the early round, we were able to fund the ground stations. Of course, we certainly didn't have any money to be able to fund launching of satellites, of course. But it was a question of trying to direct the funding to where it could do the most value.

And that is what we are trying to grapple with right now in constructing the round-three funding notice. We just closed our comment period on our ReConnect regulation, and it is a very robust record, and we will be evaluating that. And we will be looking at questions exactly like that, of what kind of technologies we want to include in and out of this funding round. And so this is definitely a timely question, as we figure out how round three will look.

Mr. HARRIS. But you would not need statutory authority, I mean, you would have the authority to include satellite if you decided to do it?

Mr. MCLEAN. Again, to the extent that we could afford it, yes.

Mr. HARRIS. Yes. Okay. Thank you.

And, now, I also have electric cooperatives—a lot of rural areas do—electric cooperatives. Choptank is one of the big ones in my district, and it actually has applied to do some of the rural broadband. It makes sense. They have a lot of backbone, they have infrastructure. The State legislature had to change a few things to allow them to do it.

But, on a national basis, how important are the electric cooperatives as some of the roots for getting broadband out to their customers?

Mr. MCLEAN. If I may take that question, I am delighted with that question. I am the Acting Administrator of the RUS but my day job is to be the head of the RUS Electric Program. And so the answer to your question is: Absolutely essential.

We are very, very proud of the work that rural electric cooperatives are doing to be able to be a catalyst for broadband deployment. Because your electric grid of the 21st century is as much about moving information as it is about moving electrons. And so smart technologies are needed desperately by the electric utility service providers. And that provides a synergy and a catalyst for broadband deployment.

And we are seeing rural electric cooperatives apply for the ReConnect Program. We are seeing rural electric cooperatives deploy the fiber-based smart grid.

A little factoid here that is fascinating to me: In fiscal year 2020, I financed slightly more fiber for rural electric service providers than I did power lines, because of this great push on smart grid and all of the possibilities that that opens up for network reliability, grid security, and improved service and to be able to preempt outages and add to the efficiency of the grid.

So that synergy between rural electric cooperatives and broadband is a natural. We love it when we see rural cooperatives work together with local telco companies to be able to team up and provide services. So it is an important trend.

You also saw in the reverse auction at the FCC that rural electric cooperatives did very well in winning a number of those territories, and they are bringing out—they are, again, combining their electric service needs with their communities' demand for broadband.

So thank you for that great question, and we do agree that co-ops are very important.

Mr. HARRIS. Well, thank you very much.

And I yield back, Mr. Chair.

Mr. BISHOP. Thank you very much, Dr. Harris.

And I would like to yield at this time to Mr. Valadao of California.

You are now recognized.

Mr. VALADAO. Thank you, Chairman.

Section 514 and 516, Farmer Housing Direct Loans and Grants Program is important for my constituents. I represent a major agricultural region in the United States that produces more than 400 agriculture crops. I know firsthand how critical our farmworkers are to our Nation's economy and getting food on the table of millions of Americans.

Section 514 and 516 are the only Federal programs that provide affordable loans and grants to purchase, construct, or repair housing for America's farm laborers. Farmworkers have the worst housing needs of all people living in rural communities.

President Biden's initial skinny budget for fiscal year 2022 is silent on rural housing. Do you have any plans to improve upon Section 514 and 516 housing programs? If so, which I hope you do, would you please detail these plans for the committee?

I think you are muted there.

Mr. MAXSON. I am sorry.

Mr. Parker, do you have thoughts on that?

Mr. PARKER. Yes, I do.

Thank you for the question, Congressman.

For our Farm Labor Housing Program, 514, 516, for this fiscal year, we have issued that notice on February 2, putting out a notice of applications for \$36 million.

What we did to get out that notice is we worked with a lot of the farmworker stakeholder community, also talking to organizations to ensure that we were bringing in the right aspects to that notice—things where we have raised the maximum loan amount up to \$5 million, permitting applications to be submitted along with a cycle that works with the low-income housing tax credit and other local funding award cycles.

And, also, putting up, for transparency's sake, our applications, making those available at the end of the funding period so that people can see the applications that were there and the ones that were approved and the scoring around that, so people that had not received funding in the past would be able to work towards a better application in the future.

We certainly plan on continuing to work with those organizations. And we have had a lot of strong positive feedback on this year's notice, but we plan to continue to work with those farm housing stakeholder organizations to bring in their advice and input to improve in future years.

Mr. VALADAO. And do you have any additional insight you can share with the committee related to Rural Development's other—I mean, obviously, outside of the ag guest worker or ag worker housing, but other equally important housing assistance programs? I mean, it obviously plays a vital role, and housing prices seem to continue to rise, especially here in California.

Mr. PARKER. Yes, sir. Rental assistance, our 515 Multi-Family Housing Direct Loan Program, generally are always in need of funding. We are going to fully utilize our guaranteed multifamily

housing utilization—full utilization of rental assistance this year, full utilization of the Rural Housing Service voucher funding, as well as the funding that is provided through the American Rescue Plan for the COVID-19 pandemic.

We will fully utilize those funds, starting at the end of May, early June, to cover overburdened tenants inside our 515 households. So I appreciate all of your assistance from the committee in making those funds available.

Mr. VALADAO. All right. Appreciate it.

And then I will change course a little bit. It is no secret that the western United States is in the midst of a severe drought that does not appear to have an end in sight. This disaster will, without a doubt, have a rippling effect on rural communities in the West, like those in my district.

A few weeks ago, the Biden administration established an Inter-agency Drought Relief Working Group, of which USDA Secretary Vilsack is part. And while it is encouraging to hear the Biden administration is acknowledging the emergency in the West, it is not clear what the working group plans to do to combat this issue.

There is no time to waste. Please describe how you plan to work with the Secretary and the working group to combat consequences of this critical drought. And I have only got a little bit of time left, but I appreciate a quick—

Mr. MAXSON. Just super-quickly, I would say that we take seriously that disaster and recognize, fortunately, that RD has a range of tools, from the small-business side to some of the infrastructure tools. I think probably the most important thing is our boots on the ground, that our staff in those States are aware of the challenges, are in conversations with lots of stakeholders. And we will aim to filter that information up to the Secretary, up to the task force, to ensure that they have accurate and grounded information based on the strength of that staff.

Mr. VALADAO. All right. Well, I am out of time. I appreciate that, and I look forward to working with you as we move forward on the drought issue.

Mr. MAXSON. Yes, sir. For sure, it is a disaster.

Mr. VALADAO. Mr. Chairman, I yield back.

Mr. BISHOP. Thank you, Mr. Valadao.

That will complete round two. We have a few members still in the meeting, and I would like to start a round three.

I just have one question. It has to do with rural housing preservation. I just wanted to take a minute to ask about the rural housing programs that are operated by RD. I have a question on both the multifamily and the single-family housing.

Housing instability, of course, can lead to adverse health effects, and it can compromise the development of children.

As you likely know, there is a significant threat to the USDA's multifamily housing portfolio, with an impending wave of maturing mortgages over the next several years. A 2016 report indicated that the 20-year cost to preserve and maintain the portfolio totals \$5.6 billion.

Can you please explain what the Department plans to do to preserve the affordable housing stock and increase the number of

units or construct new units so that families can have greater access to affordable homes?

And then let me go to the second question, and that is: I wish to touch on the subsidy recapture—as some of my constituents have called it, surprise billing—when they sell or transfer their property that has been financed with a Section 502 loan.

I wanted to ask, should we be revisiting the practice of implementing subsidy recapture, which really catches many of these borrowers unaware? And it can have a substantial impact on their finances, when they think that they are able to sell what has been an asset that they have fully paid for.

Mr. MAXSON. Chad, a quick response?

Mr. BISHOP. Yes.

Mr. PARKER. Thank you for the question, Congressman.

I think the biggest pieces around rural housing preservation for our Multi-Family Housing Program would be clearing the backlog of the 515 properties that we have awaiting for preservation. We have 171 projects that are right now awaiting funding to undergo rehabilitation and preservation. Those projects are shovel-ready. We would be able to move on those within 30 to 60 days upon receipt of the appropriation.

And we have a lot of energy aspects that would be a part of those rehabilitations. So it would help those multifamily housing providers to be able to control their operating expenses, as well, as part of that.

Also, as far as that preservation piece, addressing our underfunding of the Multi-Family Housing Preservation Program in the long run would be important, and then looking at potential funding of rental assistance for unassisted tenants inside the Section 515 portfolio, allowing a funding stream for those borrowers, multi-family housing providers, to be able to reinvest in their facilities.

As far as the subsidy recapture piece, the subsidy recapture piece is under our Single-Family Housing Direct 502 Program. Whenever we provide a payment subsidy around the interest rate, it builds up a subsidy over time.

Statute requires us, USDA, to recapture that funding if the owner of the property leaves the property, no longer resides in the property, or sells the property. It was not always a requirement. Back in 1979 was when subsidy recapture was instituted. So there was a timeframe when subsidy recapture didn't take place.

I think USDA would welcome the opportunity for there to be a change in that statute to allow us to reconsider that provision, sir.

Mr. BISHOP. So that would require some legislation on our part, on the part of Congress, to eliminate that recapture requirement.

Mr. PARKER. That is correct, sir. It would require legislation.

It would also impact—because the recapture of those funds is calculated into our subsidy rate for the Single-Family Housing Direct Loan Program. So there would be a loss of that recapture funding, so it would increase the subsidy rate for our program, sir.

Mr. BISHOP. Okay. Well, we would like to talk a little bit more about that, because it seems to be a hardship, and it really takes away from the ultimate wealth building of the people that you are actually serving who are in those rural communities. And we are really trying to really enhance that wealth, to build capacity and

wealth, and of course this is something that, at the last minute, is a surprise cost that takes away. So we will want to revisit that.

Mr. Fortenberry, I would like to yield to you at this time for any additional questions that you may have.

Mr. FORTENBERRY. Yeah, thank you, Mr. Chairman.

I have just got to return back to the broadband question, given the timeliness of it and the seriousness of it. And, in our 10-minute dialogue, we just don't seem to be connecting on the intention of my question, so let me try it this way: Give our rural broadband deployment a grade. Give rural broadband deployment a grade. Where are we? A, B, C, D, or F?

Mr. MAXSON. I am going to take a crack at it.

With your acknowledgement, 105 days, it may not be fully satisfactory. And I would just say, what feels important to me right now is a recognition that rural broadband deployment is becoming a national priority. And while there have been investments—

Mr. FORTENBERRY. Correct.

Mr. MAXSON [continuing]. Up to this point, it feels like, today, through the AJP and the work of this committee around ReConnect, we are reimagining what is possible with a depth of investment, a scale of investment, and a level of collaboration and coordination that will allow what is, in my sense, a real possible goal of 100 percent with significant speed.

I think the American Jobs Plan, similar to your earlier statement, provides the resources not only to count the expansion of broadband but the tools and the opportunities that broadband creates toward livability, in that the—

Mr. FORTENBERRY. Yeah, we need rural broadband, and that is very important.

So it is actually three things: defining the gap, closing the gap, understanding the meaning of what this delivery is and measuring it that way as well.

So, look, okay, now we are aligned in terms of intentionality. Now I think we have to put the tools in place. You used the word "reimagining." This is an emerging priority, bipartisan priority. There is a lot of money out there on this and probably is going to be coming, and we have to do it right. Because it is here. I mean, let's leverage it.

Mr. MAXSON. Yes, sir. The Secretary is clear that there is an opportunity to lean in to rural broadband, a moonshot, not because broadband, in itself, is important; it is what it allows communities to do—to, you know, participate in the broader economy, to see their loved ones, you know, when they are separated, to do precision agriculture, to lean in to the uses in a way that transform what is possible in rural communities.

In fact, the vision I think the American Jobs Plan is anchored on is all about livability and the role that broadband can play in that transition.

Mr. FORTENBERRY. Okay. So we are going to have to work on definitions. We are going to have to work on metrics that don't default just to the things that are measurable, and some sensitive measures, if you will, toward these broader concepts that aren't just abstractions, they are realities. They are just harder to measure.

So, with that said, let me move to the other question, and maybe you can answer this one as well.

So thank you. That is a great answer. I appreciate it.

Rural Placemaking Innovation Challenge Grants that we put in the last bill, where are we?

Mr. MAXSON. Um—

Mr. FORTENBERRY. Because it goes to the heart of the question, what we are trying to answer here. And that is why we did it. That is why the chairman and I worked on this.

Mr. MAXSON. Yes, sir. It is an important program. I think we agree with you that part of why it should be spotlighted is it helps communities imagine the sort of community they want to live in—high-speed broadband, access to quality education, access to healthcare, an economy with good-paying jobs. Some communities need help in accessing the planning and other skills necessary to make—

Mr. FORTENBERRY. You know, I think Representative Pingree actually had a tangential reference to the same sentiments earlier in her question.

So, before I run out of time, though, where are we on the implementation of this?

Mr. MAXSON. Yes, sir. Right now, there is a notice of funds available going through clearance, and my expectation is that it will be available quite soon. And I will follow up with you about that clearance process to give you the specifics of that.

But the notice of funds available is developed. I know the funds are set aside, because I have been part of multiple conversations about that. And we expect the notice to be available soon.

Mr. FORTENBERRY. Thank you very much.

Mr. MAXSON. Thank you.

Mr. BISHOP. Deputy Under Secretary Maxson, Dr. Neal, Mr. Parker, Mr. McLean, thank you so very much for your testimony and for spending the afternoon with us. We understand how incredibly busy you are these days, and so we are really grateful for your time and your courtesies in being with us.

The Rural Development mission area provides services and programs to rural America that promote economic development by assisting our rural areas with access to capital through loans and grants to build critical infrastructure, including our water systems, broadband networks, and housing.

And many, many people don't realize the enormous role that your agency has in developing and assisting rural America. And so I appreciate your hard work, this subcommittee appreciates the hard work and the hard work of your staffs to provide rural Americans the opportunities to overcome geographic inequities that have limited the growth and the development of rural America. And we hope that you will be able to provide brighter opportunities for a better future.

Along with what we have discussed, we will perhaps forward some additional questions for the record, and we would appreciate your diligence in getting responses to us in as quick and as timely a manner as you can.

But thank you again for being here. Thank you for indulging us and for the information that you were able to share.



Mr. Fortenberry, do you have any closing remarks?

Mr. FORTENBERRY. No, other than to say thank you, Mr. Chairman. I think it has been a very important discussion about a wide-ranging breadth of things, programs that are all pointed toward a more vibrant, again, ecosystem of livability.

Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Fortenberry.

And thank you to all of the members in attendance.

And thank you to the staff who put this hearing together and who helped us run it very smoothly. So thank you for your work.

With that, the subcommittee is now adjourned.

[Material submitted for inclusion in the record follows:]

THE U.S. DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT MISSION AREA  
QUESTIONS FOR THE RECORD  
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING  
MAY 6, 2021

QUESTIONS SUBMITTED BY CHAIR SANFORD D. BISHOP, JR.

American Rescue Plan – Rural Health Care Provision

Mr. Bishop: The American Rescue Plan included my proposal to provide \$500 million for health care facilities and vaccine distribution. Your mission area has been tasked with implementation of this provision. During the hearing, you testified that USDA is working very quickly to publish the funding notice.

Where does the Department stand in terms of getting this program implemented and what is the projected timeline to open it up for grant applications?

Response: Rural Development (RD) established the Emergency Rural Health Care Program through a Notice of Funding Availability (NOFA) that was issued during the summer of 2021. Funds are available and will be distributed between two tracks of funding to eligible applicants: Track One, recovery grants will offer support for rural health care services in the form of immediate relief to address the economic conditions arising from the COVID-19 emergency. Track Two, impact grants will offer longer-term funding to advance ideas and solutions to solve regional health care problems and to support the long-term sustainability of rural health. The application window for both tracks opened early summer of 2021 and closed in August 2021. RD staff is currently processing these applications.

Rural Healthcare – Rural Development's Vision

Mr. Bishop: Rural healthcare was already in a precarious situation before the pandemic occurred. The pandemic only worsened the financial crisis at rural hospitals. A recent study found that in 22 states, 25% or more of rural hospitals were at immediate risk of closure. We are trending in the wrong direction, with accelerated rates of hospital closures.

Can you share your vision on how Rural Development can improve healthcare in rural areas? What can this subcommittee do to help you achieve that objective?

Response: At USDA, we recognize that the challenges facing rural health care are enormous. When designing the Emergency Rural Health Care Program, we determined that the challenges facing rural health care today are primarily two-fold: immediate

financial needs stemming from COVID-19 related expenses and, also the long-term access and availability of rural health care services that have been further hampered as a result of the COVID-19 pandemic. In response to these challenges, the program offers two tracks of assistance for eligible applicants as discussed above. For the Track Two, impact funding, we believe it is important to provide an opportunity for grant funding that can be used to support models that test and evaluate methods and solutions to tackle rural health care challenges.

USDA believes rural health care requires regional and collaborative approaches to improve health care in rural communities. With the Track Two, impact funding, eligible applicants must work with a consortium of partners to identify, implement, and evaluate models and solutions to solve regional health care problems. USDA is interested in sharing successful models for potential replication in other rural communities. Rural Development will work with the U.S. Department of Health and Human Services to share lessons learned identified through the Track Two, impact awards.

#### Rural Water Infrastructure

Mr. Bishop: There has been a lot of discussion lately about the need to enhance and update our country's infrastructure. Unfortunately, many rural water systems face a multitude of challenges including aging infrastructure, workforce shortages, increasing costs, limited management capacity, and declining numbers of ratepayers.

The fiscal year 2022 'skinny budget' calls for a \$717 million level for water programs, including \$100 million above the fiscal year 2021 enacted level. Additionally, the American Jobs Plan proposes \$10 billion to improve water and wastewater facilities for rural and tribal communities.

Can you please share how information on the backlog of applicants for these funds and any details on the role USDA would have with the proposed \$10 billion?

Response: The Rural Utilities Service's Water and Environmental Programs (WEP), has a backlog of over \$3.7 billion. This backlog does not account for the more than 200 applications in Rural Development (RD) Apply, our electronic application intake system, that are in development. Applications are accepted on a rolling basis, so the backlog typically remains constant even as new projects are funded.

There are technical elements of an application such as the engineering and environmental standards, that take significant time to develop and strain the resources of both WEP staff and external stakeholders (e.g., private engineering firms, technical assistance providers) that are crucial in navigating the process. The resource element is a driver in the constant flow of applications and shows there is considerable program demand in rural America beyond the current backlog. With a team design specifically to assist rural communities, WEP is the only Federal agency strategically positioned to specifically help the smallest and most disadvantaged water and waste utilities. During fiscal year 2020, more than 65

percent of the projects funded addressed a health and sanitary need. Furthermore, approximately 83 percent of projects benefited communities of less than 5,000 residents and 43 percent assisted areas with under 1,000 residents. Any additional funding received through supplemental appropriations will be crucial in the delivery of safe and affordable water and waste services to the numerous rural communities in need.

#### Workforce Shortages – Rural Water Infrastructure

Mr. Bishop: I have personally taken an interest in this issue and provided resources specifically to address and ensure the future pipeline of workers on these systems by establishing a pilot apprenticeship program.

Can you provide us with information of how the apprenticeship and workforce development programs are going? What else can Congress do to help address the shortages?

Response: Rural water and waste facilities face several barriers to safe and reliable water and waste services that are unique to small communities. Perhaps one of the most important obstacles is the workforce shortage. The value of skilled system operators cannot be understated. Education is critical in combatting the workforce issues facing rural water and waste utilities. Since 2018, the Rural Utilities Service, Water and Environmental Programs (WEP), has invested over \$15 million in grant funds specifically for the creation of a Workforce Apprenticeship program in collaboration with the National Rural Water Association.

There are 366 Registered Apprenticeships enrolled in the program. Each apprentice goes through a two-year program that combines a minimum of 288 hours of targeted classroom curriculum with on-the-job experience. To date, approximately 303 rural utility systems have benefited from the program.

Beyond the Workforce Apprenticeship program, WEP invests considerable resources through its Technical Assistance and Training (TAT) grant program to address the rural workforce shortages. As an example, the Zender Environmental Health and Research Group located in Anchorage, AK uses TAT grant monies to deliver a workforce development program for 16 to 18 system operators annually in rural Alaskan villages. Benefiting approximately 180 students from 70 villages, over 95 percent of the program participants are Alaskan Natives. The continued funding and development of programs and initiatives like the above are essential to the vitality of rural water and waste systems.

Additionally, resources for rural water and waste utilities for the salaries and expenses of skilled and trained operators are equally important. When apprentices graduate, it is up to the utility to pay for their services and often smaller systems lack the resources to retain them. In terms of congressional action that would help further address shortages, additional latitude would allow WEP to strategically apply resources to address these

types of financial burdens on communities and to maintain reasonable rates for rural taxpayers.

QUESTIONS SUBMITTED BY REP. HENRY CUELLAR

Border Colonias Communities

Mr. Cuellar: Overall, there are nearly 2.5 million residents living in colonias communities that suffer from high rates of poverty along the southern border in Texas, New Mexico, Arizona, and California. Colonias communities are characterized by substandard housing, dirt roads, lack of access to potable drinking water, and inadequate sewage disposal and drainage systems. Living conditions in the colonias are further exacerbated by the related problems of poor education and health services, food insecurity, limited job opportunities and high unemployment rates.

Many of these communities continue to face challenges in accessing the Department's programs and resources. Similarly, farmworkers, who work every day to maintain our domestic food supply, face high levels of poverty and difficult living conditions.

A USDA Office of Colonias and Farmworker Initiatives at the departmental level could coordinate and lead inter-departmental and inter-agency efforts to address the needs of these underserved and vulnerable populations including housing, healthcare, nutrition, water/wastewater infrastructure, access to high-speed broadband, access to economic opportunity and more. It would serve as a single point of contact for colonias and farmworker issues and work to ensure that relevant programs and policies are effective, accessible, and developed in consultation with stakeholders, and public and nonprofit organizations serving these communities.

Please provide your thoughts and feedback on creating a new USDA Office of Colonias and Farmworker Initiatives at the departmental level to better focus on the needs of colonias communities along the U.S.- Mexico border region and the needs of farmworkers.

Response: USDA Rural Development shares the concerns noted regarding the living conditions in the colonias communities and the challenges that face farmworkers daily. USDA presently has an Office of Partnerships and Public Engagement (OPPE). OPPE facilitates partnerships and offers education and resources to foster hope and opportunity, wealth creation, and asset building in rural and underserved communities. OPPE is already engaged on efforts to improve conditions in the colonias and to meet challenges faced by farmworkers. We believe that it would be best to continue to have these efforts coordinated by OPPE.

The USDA Rural Utilities Service (RUS) Water and Environmental Program (WEP) has received funding in discretionary appropriations for construction projects in colonias. In fiscal year 2020, WEP funded 11 grants totaling \$27.4 million for construction projects

and 19 homeowners received \$89,735 in grant funding WEP transferred to the USDA Rural Housing Service (RHS) to support individual homeowners with waterwells in colonias. RHS is expecting to obligate almost \$36 million dollars on eight projects late this summer and RHS is initiating 21 projects with about \$100,000 in part with funds transferred from RUS to support individual homeowner waterwells in colonias. In fiscal year 2021 WEP plans to award an \$820,000 grant specifically to benefit colonias. The USDA Rural Community Assistance Partnership, Inc. (RCAP) will provide on-site technical assistance to at least 55 projects benefitting over 12 Priority 1 and 2 Colonias areas. At least five projects are regional in scope. RCAP will develop a fast-track pipeline of colonias 306c projects, secure engineering, legal and other professional services, assist with organizational (and regional) creation, and assist with preparation of loan/grant applications.

While the program delivery described above are significant, as you noted in your question, the challenges colonias face are great. We welcome opportunities to continue working with the Subcommittee to improve service delivery to Colonias communities along the U.S.- Mexico border region including the needs of farmworkers.

#### Water/Wastewater Infrastructure

Mr. Cuellar: A serious problem for U.S. communities along the U.S.-Mexico border is the continued lack of adequate access to safe drinking water and sanitation systems. Inadequate systems can pose risks to human health and the environment, including the risk of waterborne diseases. According to the Rural Community Assistance Partnership, 30 percent of residents of colonias communities lack access to clean drinking water.

Rural communities in my district have been hit hard by the economic consequence of the pandemic. Some USDA financed systems are experiencing financial difficulty because residents have lost their jobs. In addition, some systems have seen their income decline. Others in extreme poverty cannot afford to build or repair a system without USDA grant assistance.

There is a critical need for funding essential water/wastewater infrastructure. Please provide an estimate of the extent of the need and required resources for meeting the water/wastewater infrastructure needs for border colonias communities?

What suggestions do you have to address these critical needs more effectively?

Response: In fiscal year 2020, the USDA Rural Utilities Service (RUS) Water and Environmental Program (WEP) funded 11 grants totaling over \$27 million for construction projects. In addition, WEP transferred \$89,735 in grant funding to our sister agency the Rural Housing Service (RHS) to help 19 individual homeowners in Colonias. These grants were used to connect service lines to a residence, pay utility hook-up fees, and install plumbing.

Additionally, in fiscal year 2021, WEP plans to award an on-site technical assistance grant to the Rural Community Assistance Partnership (RCAP) of \$820,000 to help colonias. With this funding RCAP worked on over 50 projects benefitting over 12 Priority 1 and 2 Colonias areas. At least five projects are regional. RCAP will develop a fast-track pipeline of colonias 306c projects, secure engineering, legal and other professional services, assist with organizational and regional organizational needs, and assist with preparation of loan and grant applications.

We will continue to work the Sub-committee and our stakeholders to enhance our provision of the resources these colonias communities need.

#### Broadband

Mr. Cuellar: Access to affordable and reliable high-speed broadband is essential for rural communities to access many educational and healthcare services, as well as for participation in the modern economy. I have heard from several rural communities, especially colonias communities, in my district that they do not have broadband access and, even when they do, it is often of inferior quality.

As Rural Development continues to make investments in broadband infrastructure, it is important that underserved communities, including colonias communities, impacted by persistent poverty get the assistance they need to access and utilize broadband service for essential needs and to create economic opportunity.

What ideas do you have for how Rural Development might help persistently poor communities, such as colonias communities, effectively access broadband services in order to bridge the digital divide?

Response: USDA Rural Development (RD) will incorporate key Biden-Harris Administration priorities into program scoring and associated funding announcements beginning with the fiscal year 2022 funding announcements. We identified three key priorities that will provide a pathway to facilitate economic growth for all rural Americans. We are encouraging applicants to consider projects that will advance the following key priorities: (1) Assist rural communities recover economically from the impacts of the COVID-19 pandemic, particularly disadvantaged communities; (2) Ensuring all rural residents have equitable access to RD programs and benefits from RD funded projects; and (3) Reduce climate pollution and increasing resilience to the impacts of climate change through economic support to rural communities.

Additionally, RD recently opened the third round of ReConnect funding, which includes \$350 million in no-match grant funding for socially vulnerable communities. These priorities build upon RD's continuing commitment to serving traditionally underserved and economically challenged rural areas, such as Persistent Poverty Counties and colonias. RD's broadband programs will incorporate these three key priorities.

Mr. Cuellar: How does Rural Development collaborate with other federal agencies in order to help persistently poor communities, such as colonias communities, access broadband service?

Response: Reaching 100 percent availability of affordable and reliable broadband requires an all-hands-on-deck approach, with members of the Federal family each playing an important role. RD has a unique mandate to finance infrastructure projects in rural areas and Tribal lands, including in persistently poor communities and colonias, and we bring that important focus to our government's overarching strategy to close the digital divide.

USDA has long-standing relationships and dedicated collaborations with Federal sister agencies engaged in broadband funding. For example, USDA is party to Memorandum of Understanding (MOUs) with Federal partners on various broadband-related matters. Of note is the MOU on funding coordination that will be signed by the Federal Communications Commission (FCC), the Department of Commerce's National Telecommunications Information Administration (NTIA), and USDA in late June of 2021. USDA is also a member of the American Broadband Initiative (ABI), a 29 interagency group working on broadband related issues. USDA co-leads ABI and the Federal Funding Workstream group alongside NTIA.

#### Farmworkers

Mr. Cuellar: Agriculture is critical to the Texas economy - from row crop and citrus, to forestry and ranching. In addition to growers and producers, the Texas farm economy is also dependent on our farmworkers. There are approximately 2.4 to 3 million migrant and seasonal farmworkers, in the United States. These essential workers have been working every day to maintain our domestic food supply – especially through the COVID-19 global pandemic.

Farmworkers generally face high levels of poverty. Education and literacy among farmworkers are limited. And housing conditions for migrant and seasonal farmworkers have long been inadequate. Because of their working and living conditions, farmworkers have been especially vulnerable to the COVID-19 virus, as demonstrated by outbreaks on farms across the country.

How many new construction farmworker housing projects does Rural Development fund annually? Could you provide a total number of farmworker housing projects and RD investment per project by State for FY 18, FY 19, FY 20.



Response: The information is submitted for the record.

[The information follows:]

<b>FY 2018</b>			
<b>State</b>	<b>Awards</b>	<b>Loan Amount*</b>	<b>Grant Amount*</b>
CA	4	\$20,455	\$7,873
FL	8	1,500	1,300
GA	3	4,758	3,783
KS	1	1,756	1,236
LA	1	2,150	858
MS	1	857	642
OR	1	1,500	1,500
TX	1	2,500	0
<b>Total</b>	<b>20</b>	<b>\$35,477</b>	<b>\$17,193</b>

\*Dollars in thousands

<b>FY 2019</b>			
<b>State</b>	<b>Awards</b>	<b>Loan Amount*</b>	<b>Grant Amount*</b>
AR	4	\$655	0
CA	5	7,396	0
DE	1	1,733	0
FL	1	2,740	\$5,200
GA	1	482	807
HI	1	521	0
NE	1	2,740	0
NM	1	0	0
OR	17	2,804	0
TN	1	0	0
TX	1	0	0
WA	1	913	2,700
WV	2	0	0
<b>Total</b>	<b>37</b>	<b>\$19,984</b>	<b>\$8,707</b>

\*Dollars in thousands

<b>FY 2020</b>			
<b>State</b>	<b>Awards</b>	<b>Loan Amount*</b>	<b>Grant Amount*</b>
AR	3	\$247	0
HI	2	1,557	0
MI	1	164	0
MS	1	0	\$382
NE	1	298	2,700
NM	1	2,628	0
NY	1	0	142
OR	1	3,967	0
TN	1	1,488	1,500
TX	1	2,479	0
WA	1	3,333	2,020
WV	3	3,769	2,193
<b>Total</b>	<b>17</b>	<b>\$19,930</b>	<b>\$8,937</b>

\*Dollars in thousands

Mr. Cuellar: Are service coordinators an eligible use of farmworker program funds, or would a statutory change be required in order to facilitate funding service coordinators along with farmworker housing projects?

Response: Payment of Service Coordinator salary expenses is an eligible use of project funds under the Section 514 and Section 516 Farm Labor Housing Programs. In fact, applicants under the program are encouraged through funding availability scoring criteria to provide service coordination to farmworkers who will live in the developed housing.

Mr. Cuellar: Given the vulnerability of our nation's farmworkers to the COVID-19 virus and their valuable role in agriculture, what steps does Rural Development plan to take to support healthcare, vaccination, and food distribution efforts for farmworkers?

Response: Rural Development's (RD's) Emergency Rural Health Care Program provides grant funding to support health care, vaccination, and food distribution efforts for farmworkers and other residents of rural communities. RD established the program through a Notice of Funding Availability (NOFA) issued in the summer of 2021.

Funds are available and will be distributed between two tracks of funding to eligible applicants: Track One, Recovery grants offer support for rural health care services in the form of immediate relief to address the economic conditions arising from the COVID-19 emergency; and Track Two, Impact grants will offer longer-term funding to advance

ideas and solutions to solve regional health care problems and to support the long-term sustainability of rural health.

Under the Track Two, Impact grants, RD encouraged applicants to consider farmworker health care as one example of a high need area facing rural communities.

Mr. Cuellar: What kind of opportunities are there for Rural Development to partner with organizations serving farmworkers to coordinate the delivery of needed programs and services? How can Congress support these efforts?

Response: In the Section 514 and Section 516 Farm Labor Housing Programs, we emphasize leveraging support services available within the community to address the needs of the farm workers and their families residing in the Rural Housing Service funded properties. Each property is unique in terms of its market location and the needs of its tenancy. When providing funds to applicants to develop housing under these programs we require the applicants to have experience in partnering with other organizations that provide support service to farm workers, and to demonstrate the availability of needed family support services, healthcare, education, and recreational opportunities in the proposed market. We also encourage the use of Service Coordinators at each developed property through scoring criteria for available funding.

#### Electric Cooperatives

Mr. Cuellar: In February, Texas experienced an unprecedented polar vortex, which caused significant damage to the power infrastructure and delivery system which impacted millions of Texas residents.

How is USDA's Rural Utility Service engaged in helping Texas recover? I am particularly concerned about the status of several electric cooperatives throughout the state who incurred significant debt by keeping the power on and may now be facing potential liquidity issues with nowhere to turn but passing those debts on to their members.

Response: The Agency is using its existing available program loan levels and legal authority to offer to its cooperative borrowers in Texas operating loans to finance storm related electric costs over time (up to 25 years). Because Rural Utilities Service (RUS) borrowers in Texas are cooperatives, the benefits would flow directly to the consumer owners of the utility. The loans would also be structured to ensure consumer benefits. As a condition on RUS's guarantee of these Federal Financing Bank (FFB) operating loans, the cooperative borrowers would commit to fund energy efficiency projects equal to 10 percent of the amount drawn down on the FFB loan which will further lessen the impact on consumers of coming rate spikes, advance the Administration's energy efficiency goals, and provide system improvements to mitigate future climate related energy crises.

## Program Delivery

Mr. Cuellar: There are concerns that Rural Development's ability to effectively deliver critically needed programs and services to rural America through its field-based structure is being impacted by significant staffing shortages and antiquated IT systems.

Please provide a breakdown of the current program staffing levels in Rural Development's State and field offices that deliver programs for the Rural Housing Service, Rural Utilities Service and Rural Business Service as intended by Congress.

Response: The National Office and Field Office information is provided for the record, which is how the Department tracks full time equivalents (FTEs).

[The information follows:]

**PERMANENT POSITIONS BY GRADE AND FTE**

Item	2019			2020			2021			2022		
	D.C.	Field	Actual	D.C.	Field	Actual	D.C.	Field	Enacted	D.C.	Field	Budget
ES	-	-	-	-	-	-	-	-	-	-	-	-
SES	22	-	22	15	5	20	15	7	22	15	7	22
SL	2	-	2	1	-	1	1	-	1	1	-	1
GS-15	124	-	124	63	70	133	64	29	93	70	30	100
GS-14	145	1	146	77	103	180	88	153	241	94	156	250
GS-13	462	284	746	192	628	820	215	773	988	234	821	1,055
GS-12	274	923	1,197	53	1,116	1,169	51	1,226	1,277	56	1,344	1,400
GS-11	117	356	473	23	537	560	28	566	594	31	612	643
GS-10	1	-	1	1	-	1	1	-	1	1	-	1
GS-9	119	384	503	29	447	476	34	558	591	33	590	623
GS-8	53	9	62	7	51	58	9	41	49	8	46	54
GS-7	314	482	796	38	708	746	36	729	765	45	788	833
GS-6	23	61	84	12	96	108	13	108	121	14	130	144
GS-5	19	69	88	4	74	78	4	99	103	6	105	111
GS-4	19	31	50	9	65	74	4	51	55	5	61	66
GS-3	6	30	36	3	10	13	2	7	9	2	7	9
GS-2	2	1	3	-	1	1	1	1	2	1	1	2
Ungraded	-	-	-	2	1	3	1	-	1	1	-	1
Total Permanent	1,702	2,631	4,333	529	3,912	4,441	567	4,346	4,913	617	4,698	5,315
Unfilled, EOY	45	46	1	16	143	159	-	-	-	-	-	-
Total Perm. FT EOY	1,747	2,677	4,334	545	4,055	4,600	567	4,346	4,913	617	4,698	5,315
FTE			4,313			4,259			4,766			5,156

Mr. Cuellar: Please provide USDA's estimate of the level of staffing and expertise needed within State offices and at the National Office to effectively deliver the array of Rural Development programs and services that are funded by Congress each year.

Response: Rural Development (RD) is working on a data-driven, defensible staffing model that would identify the staffing needed in States, the Service Center, and headquarters organizations to fully obligate the program level funding provided for the various RD programs, to service the growing RD portfolio to ensure the government's and taxpayer's interests are protected, and to provide outreach to underserved disadvantaged communities to ensure potential participants are informed about and encouraged to apply to programs that can improve life in rural America. Ultimately, this model will be used to distribute RD's staffing resources among the states and other RD organizations to improve customer service and program delivery. The funding requested in the fiscal year 2022 President's Budget, which supports staff increases and information technology development, modernization, and enhancement efforts, is an important step in rebuilding RD's infrastructure.

Mr. Cuellar: Please provide what resources and support would Rural Development need from Congress to adequately staff its field structure and effectively deliver the programs and services that rural communities rely on?

Response: Between 2009 and 2019, Rural Development's (RD's) portfolio increased 85 percent; however, during the same timeframe, our staffing levels decreased 30 percent. Although RD has persevered despite understaffing, these efforts simply cannot be sustained without increased staffing. Over 50 RD programs are instrumental in modernizing rural infrastructure such as water, broadband, and electric systems, supporting modernized housing that provide safety and stability for millions of rural families across the country, and creating jobs by investing in rural entrepreneurs, businesses, and industry to grow and modernize rural economies. If RD is the agency responsible for modernizing rural communities, we must be a role model, using modern and reliable systems ourselves. As of today, that is simply not the case. As previously noted, RD is working on a data-driven staffing model that will help agency leadership make informed choices about overall staffing levels needed to deliver the RD portfolio of programs, and the distribution of staffing across states and other RD organizations. At the same time, RD recognizes that human resource capacity, training needs, and the need to avoid disrupting program delivery as we bring on new team members limits the number of new staff that we can successfully hire during the fiscal year. The fiscal year 2022 President's Budget request includes funding to increase base RD staffing by 390 FTEs from fiscal year 2021 level, which is an important step towards rebuilding RD's capacity.



WEDNESDAY, MAY 12, 2021.

**USDA RESEARCH, EDUCATION AND ECONOMICS  
MISSION AREA**

**WITNESSES**

**CARRIE CASTILLE, DIRECTOR, NATIONAL INSTITUTE OF FOOD AND  
AGRICULTURE, U.S. DEPARTMENT OF AGRICULTURE**

**HUBERT HAMER, ADMINISTRATOR, NATIONAL AGRICULTURAL STA-  
TISTICS SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

**CHAVONDA JACOBS-YOUNG, ACTING UNDER SECRETARY FOR RE-  
SEARCH, EDUCATION, AND ECONOMICS, U.S. DEPARTMENT OF AGRI-  
CULTURE**

**SIMON Y. LIU, ACTING ADMINISTRATOR, AGRICULTURAL RESEARCH  
SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

**SPIRO STEFANOU, ADMINISTRATOR, ECONOMIC RESEARCH SERVICE,  
U.S. DEPARTMENT OF AGRICULTURE**

Mr. BISHOP. This hearing of the Subcommittee on Agriculture of the House Committee on Appropriations will now come to order.

As this hearing is fully virtual, we must address a few house-keeping matters. For today's meeting, the chair or staff, designated by the chair, may mute participants' microphones when they are not under recognition for purposes of eliminating inadvertent background noise. Members are responsible for muting and unmuting themselves. If I notice that you have not unmuted yourself, I will ask you if you would like the staff to unmute you. If you indicate approval by nodding, staff will unmute your microphone.

I remind all members and witnesses that the 5-minute clock still applies. If there is a technology issue, we will move to the next member until the issue is resolved and you will retain the balance of your time.

You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn yellow. At 30 seconds remaining, I will gently tap the gavel to remind members of their time is almost expired. When your time has expired, the clock will turn red and I will begin to recognize the next member.

In terms of the speaking order, we will follow the order set forth in the House rules beginning with the chair and ranking member, then alternating between majority and minority present at the time the hearing is called to order will be recognized in order of seniority. And, finally, members not present at the time of the hearing is called to order will be recognized in time of their—in the order of their appearance.

Finally, House rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing at any of our hearings or markups. That

email address has been provided in advance to your staff. Last reminder, please ensure that your video is turned on at this time.

Good morning, and welcome to today's hearing on USDA's Research, Education and Economics programs. As you know, the best decisions are those based in sound science, so I am delighted to have our agricultural experts here with us today. Testifying before the subcommittee today is Dr. Chavonda Jacobs-Young, Acting Under Secretary for Research, Education, and Economics. Thank you for being here today.

With Dr. Jacobs-Young today are current leaders of Research, Education, and Economics agencies: Dr. Simon Liu, Acting Administrator for the Agriculture Research Service, Dr. Spiro Stefanou, Administrator of Economic Research Service, Mr. Hubert Hamer, Administrator of the National Agriculture Statistic Service, and Dr. Carrie Castille director of the National Institute of Food and Agriculture. Thank you for spending the morning with us.

Dr. Jacobs-Young, thank you for your distinguished service in support of agriculture research for USDA and our country. Your work has certainly not gone unnoticed. Thank you for reminding us of the Secretary's top priorities set forth in his testimony before the subcommittee on April 14 containing the pandemic, preventing—promoting rather, racial justice and equity, addressing mounting hunger and nutrition insecurity crisis, rebuilding the rural economy, strengthening and building markets for farmers and producers, addressing the impacts of climate change, and rebuilding expertise and morale within the Department.

Collectively, the agencies under your purview account for \$3.4 billion in discretionary appropriations. The science-based solutions, groundbreaking research, and useful data that you provide are invaluable for farmers to accelerate productivity and sustainability of crops, for ranchers to efficiently manage livestock, and for consumers to make informed choices about these products that are so essential to our daily lives.

Further, it is the Economic Research Service, ERS, issuing reports on the state of the world economy, the National Agricultural Statistics Service, NASS, publishing the latest acreage report, the National Institute of Food and Agriculture, NIFA, supporting research at the Nation's land grant institutions, or the Agricultural Research Service, ARS, publishing research to enhance the production of pecans. Your agency has truly touched the lives of every American.

COVID-19 has placed great strain on the ability of your agencies to conduct business as usual. So the importance of your work has never been more apparent, as the products of your efforts support so many other USDA programs. I look forward to discussing the work that your agencies do and how you have adapted to meet the crisis at hand.

The coronavirus pandemic has not only—challenge has been placed in your way, but it is worth mentioning that the staffing issues that have resulted from the move of ERS and NIFA are an ongoing concern for our subcommittee. I am interested in understanding how you plan to build these agencies back from the brink and how to further strengthen the work each of you conducts.



The recently released budget request reads, the preview, includes a total increase of \$647 million for your agencies. That is nearly a 20 percent increase. As I am sure each of you is aware, the benefits from increases to research programs may take years to fully realize. I wish that we could snap our fingers and get rid of the WiFi problem in Georgia, but I recognize that tackling the issue is not just about funding, it is about coordinating responses among multiple partners, targeting shared research goals that take a while to agree on, and implementing and sharing results to ensure that the folks on the ground have the right tools to solve their most pressing challenges.

These strategic and coordinated efforts are not unique for the pest management issues we face in Georgia. They are repeated every day through the various research programs, data collection efforts, and economic analyses that your agencies perform. Our Nation relies on your data to make better decisions for our food and fiber systems.

I am really inspired and delighted that you are committed to have our Nation maintain its leadership role in agricultural innovation and productivity. And I am happy that you recognize the obligation to support research, education, and extension activities.

It is as you indicate in your testimony, Dr. Jacobs-Young, it is too easy for us to take for granted the healthy, nutritious, and safe foods that are available to us, or the clean air that we breathe, the bio-based goods that we use every day, the fresh water we drink, and even the clothes that we wear. These are benefits rooted in discoveries made by Federal investments and agricultural science and partnerships with our land grant universities and our minority-serving institutions.

And I am glad that together we can look forward to building on these discoveries and starting a new chapter in American innovation, which supports our rural economies, spurs job growth, and expands our scientific horizons.

I look forward to hearing your thoughts on the challenges that your agencies face, the successes that you have had in these very trying times, and the plans to best position your agencies to be successful in the future. I want to thank each of you for being with us today, and I look forward to our discussion.

At this time, I would like to ask my partner and my distinguished Ranking Member Mr. Fortenberry if he would like to give my opening remarks with his time.

I assume that he will, and so at this time I am delighted to recognize, Mr. Fortenberry, the ranking member, the distinguished gentleman from Nebraska.

Mr. Fortenberry, you are now recognized.

Mr. FORTENBERRY. Thank you, Mr. Chairman. And as we have worked together for so long, you know me well, yes, sir, I do have a few opening comments, but, first of all, let me commend you for your leadership and your opening remarks as well, they are excellent. And much of what I have to say, I think, aligns very well with your opening remarks.

I want to thank you for holding today's hearing, but also thank our distinguished panelists. Dr. Jacobs-Young, I was reviewing your bio. You are quite busy wearing a number of hats right now,

and I look forward to hearing from you. Dr. Liu, Dr. Stefanou, Mr. Hamer, and Dr. Castille, all to you, welcome, and good morning.

Mr. Chairman, as you have well stated, America leads the world in food production. We also have one of the lowest per capita grocery prices in the world. Our ag efficiency is so impressive we can afford billions of dollars in support every year to those facing food insecurity both here and abroad. And we often take it for granted, as you pointed out, Mr. Chairman.

Our Nation's prestigious and unparalleled ag success does not happen by accident. We lead the world in ag output in part because we lead the world in ag research. If we were to continue to lead in today's hyper-competitive global ag economy, we need our research to also be nimble.

This work should begin with the creation of a comprehensive repository of current ag research and the alignment of it with our overarching research goals. And once we have a coordinated and good grasp of current research and gaps, we can better integrate scientific discovery into our food systems. Our continued success is ensured only if we challenge ourselves as well with new ideas.

One ambitious new paradigm is what I call the farm of the future. This means building upon our ag production—our production ag tradition to include research on tools like precision agriculture, to enhance sustainability, regenerative capacity, and revenue to the farmer. It means a real-world test bed of the farm to the future—of the future concept using big data and better connectivity to increase yields with less inputs.

It means expanding our definition of agricultural education, wedding tradition ag sciences like agronomy, animal husbandry, and plant sciences with emerging sciences like environmental studies, conservation, and international development.

From traditional row crop and livestock producers to specialty growers and even urban gardeners, it means connecting the farmer to the family, the urban to the rural, and the farm to the table as the way forward to seize emerging opportunity.

Mr. Chairman, by its very breadth and scope, this new paradigm requires innovative facilities and programs that address critical science gaps, develop and deploy climate-smart regenerative practices, and create decision support tools that are aligned with the USDA's science blueprint.

Now, here is the dilemma. Fragmentation can stifle innovation. For instance, the Agricultural Research Service has 800 research projects in 90 locations. Greater coordination with this new vision could mean greater results. And I appreciate the chairman alluding to this in his opening remarks as well.

Finally, Mr. Chairman, I believe to effectively implement this bold new vision, we need a high level of understanding of how it helps our diverse array of agricultural producers. That is why I continue to advance our Blue Ribbon Panel for Higher Education, ag education, that was funded in the last year's appropriations bill to re-envision the mission of public land grant universities and align it with USDA leadership, to elevate an effective architecture for regenerative farming that respects tradition while inviting next-generalization farmers to an innovative future.

To modernize ag research, to make research more useful in the field, and to dramatically improve coordination between USDA and land grant universities, including stronger consortiums between larger land grants and Historically Black Colleges. The product of this panel could improve research collaboration transparency, and ultimately as Ag Secretary Vilsack has informed us, shake policy in the next farm bill as well as deliver important new value-added opportunity for students.

Mr. Chairman, as the world recovers from the pandemic and increases its demand for premium ag products from America, we have an extraordinary opportunity to re-envision the future of ag research and education and remain forefront, remain at the forefront of agricultural sciences and leading the world in agricultural outcomes.

Thank you, Mr. Chairman, I yield back.

Mr. BISHOP. Thank you very much, Mr. Fortenberry. We are very fortunate to have—to be joined this morning by the chair of the Appropriations Committee, Ms. DeLauro. She has exhibited tremendous leadership of the committee, and, of course, she has great experience having been a leader on this subcommittee for many years.

And so at this time I am delighted to recognize, for any comments and remarks that she would like to make, the chairman of the full Appropriations Subcommittee, the gentlelady from Connecticut, Ms. DeLauro.

Ms. DeLauro, you are now recognized.

The CHAIR. Thank you so much, Mr. Chairman.

And thank you for your kind words. I am appreciative of you and Ranking Member Fortenberry. For both of you, for your continued leadership of the subcommittee, and especially with this hearing on scientific research at the U.S. Department of Agriculture.

To you, Dr. Jacobs-Young, welcome to the Appropriations Committee. We look forward to your testimony on the administration's discretionary budget request for the Department's Research, Education, and Economics Mission Area. I appreciate you and the colleagues who are with all of us today, Dr. Liu, Dr. Stefanou, Mr. Hamer, and Dr. Castille, thank you all very, very much.

You know, the investments we will be making within this mission area as part of the 2022 appropriations bill, this comes at a very critical time. Let me be frank, in my view, the Department of Science and Research agencies have had to endure 4 years of assault, agencies like the Economic Research Service, and the National Institute of Food and Agriculture were targeted, hollowed out, and moved from Washington, DC. Our task now is to rebuild and refocus these agencies which have long been seen as unbiased and trusted for research and expertise.

And we now have an administration that believes in the role of science. Dr. Jacobs-Young, as you have pointed out in your written testimony, science is so critical to American agriculture and to addressing the challenges that we face throughout the food system.

That is why I have long been concerned by the declining levels of public funding for agriculture research, and development in the United States, especially during a time when our global competitors have done just the opposite.

For example, spending by the Chinese government on agriculture R&D surpassed that of the U.S. in 2008 and more than doubled by 2013. And despite this, agriculture science and research is as important now as it has ever been.

The problems we face, ensuring enough food for a growing population, addressing the existential threat of global climate change, transforming our food system from being reliant on extractive and exploitive practices to being regenerative and restorative. These all have a common denominator. Scientific breakthroughs hold the solution.

And I look forward to seeing these premier scientific agencies play a significant role in tackling these issues.

I also want to say a thank you for your agencies for the work that they have done over the last year and for the work they are continuing to do.

The COVID-19 pandemic created the greatest public health and economic crisis in a generation. But USDA scientists did not miss a beat. Their insight and expertise were critical in understanding the true impact of the pandemic on families facing hunger, on America's family farmers and ranchers, and our local food systems and supply chains.

So I am eager to hear more today about the administration's request for the REE Mission Area and how these investments might sustain and improve the farmers and families in my districts and districts across our country.

And with that, I again thank you, Chairman Bishop and Ranking Member Fortenberry, and I yield back.

Mr. BISHOP. Thank you very much, Chair DeLauro.

Dr. Jacobs-Young, without objection, your entire written testimony will be included in the record, and I recognize you now for your statement, and then we will proceed with questions.

Dr. Jacobs-Young, you are now recognized.

Ms. JACOBS-YOUNG. Thank you.

Chairman Bishop, Ranking Member Fortenberry, and Chairwoman DeLauro, and members of the subcommittee, my name is Chavonda Jacobs-Young, and I am the acting under secretary for research, education, and economics at USDA. I am pleased to appear before you with my colleagues to testify on the President's fiscal year 2022 budget for the REE Mission Area.

In his testimony before the subcommittee on April 14, Secretary Vilsack outlined USDA's top priority: Containing the COVID-19 pandemic, promoting racial justice inequities, addressing the hunger and nutrition insecurity crisis, rebuilding the rural economy, strengthening and building markets for farmers and producers, and addressing the impacts of climate change. He also emphasize the need to rebuild expertise and morale within the Department.

When appropriately resourced, I believe the Research, Education, and Economics Mission Area is well positioned to advance these priorities. I am pleased that the President and Secretary are strongly committed to investments in research and development that will define U.S. innovation for decades to come.

REE will support research on climate mitigation, adaptation, and resilience to inform our farmers as they work to feed the world. We will expand our partnerships with Historically Black Colleges and

Universities at minority-serving institutions to leverage our capacities and build on the invaluable connection they have with underserved communities. And we will provide sound science that responds to the COVID-19 pandemic and future global public health threats. Our scientists are vital contributors in the fight against COVID-19.

REE deploys decades of research to examine how the virus affects food systems, food security, and agriculture. NIFA refocused over \$23 million to support COVID-19-related research, extension in education through land grant universities and small businesses.

ARS has raised critical questions about the ability of domestic animals to carry and transmit the virus. ERS launched the COVID-19 working paper series to provide analyses on the pandemic and collaborated with 11 universities to investigate how COVID impacts agriculture supply chains.

We are grateful for the more than \$140 million provided to REE in the December Coronavirus Response and Relief Supplemental Appropriations Act to shore up hunger relief programming and support farmers. These funds deepen our investment in research to improve resiliency in the future and strengthen local and regional food systems.

REE continues to support President Biden's unwavering commitment to tackling the climate crisis by investing in continuous, consistent observational records, a cornerstone of global climate science and resilience research.

REE leverages technology to advance climate-smart land use conservation, precision agriculture, and carbon sequestration through its regional climate hubs which provide practical tools to American producers and customers and a touch point for applying relevant science and technical information from USDA researchers.

To reposition the United States as a leader in climate change mitigation, we must engage our farmers, ranchers, and private landowners, and private forest owners to build new markets, develop renewable energy, and create new streams of income for producers and land owners. The REE Mission Area stands ready to meet these challenges and advance the administration's climate goals.

Meeting the immense challenges facing agriculture in human and animal health, natural resources, and conservation requires a well-resourced agency and a well-supported workforce. REE faced significant staff losses over the past 5 years, and rebuilding that capacity will improve our ability to support the Nation's farmers, producers, and consumers from farm to fort.

If the United States is to maintain its global leadership in science and technology, our workforce must look like America. USDA investments in inclusion, diversity, and training future generations through formal and informal learning will ensure equity across its agencies. The President's fiscal year 2022 discretionary request for USDA's REE Mission Area provides \$4 billion to support research, education, and extension activities.

Chairman Bishop said this, and I believe it bears repeating, nutritious and safe food, the clean air we breathe, the bio-based goods we use, the fresh water we drink, and even the clothes we wear are benefits rooted in discoveries made by Federal investments in

agricultural science in partnership with your land grant universities and minority-serving institutions.

We look forward to building on these discoveries and starting a new chapter in American agricultural innovation. Mr. Chairman and Ranking Member Fortenberry, I look forward to working with you and the members of this subcommittee.

I will be pleased to answer any questions that you may have. Thank you.

[The information follows:]

**RESEARCH, EDUCATION, AND ECONOMICS****Statement of Dr. Chavonda Jacobs-Young, Acting Under Secretary  
Before the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies**

Chairman Bishop, Ranking Member Fortenberry, and members of the Subcommittee, my name is Chavonda Jacobs-Young, and I am the Acting Under Secretary for Research, Education, and Economics (REE) and Chief Scientist at the United States Department of Agriculture (USDA). I am pleased to appear before you to testify on the President's fiscal year (FY) 2022 budget for the REE mission area. I am accompanied by the leaders of our four agencies: Dr. Simon Liu, Acting Administrator of the Agricultural Research Service (ARS); Dr. Carrie Castille, Director of the National Institute of Food and Agriculture (NIFA); Dr. Spiro Stefanou, Administrator of the Economic Research Service (ERS); and Mr. Hubert Hamer, Administrator of the National Agricultural Statistics Service (NASS).

In his testimony before this Subcommittee on April 14, Secretary Vilsack outlined USDA's top priorities – containing the pandemic, promoting racial justice and equity, addressing the mounting hunger and nutrition insecurity crisis, rebuilding the rural economy, strengthening and building markets for farmers and producers, and addressing the impacts of climate change. He also emphasized the need to rebuild expertise and morale within the Department.

When appropriately resourced, I believe that the Research, Education, and Economics mission area is uniquely poised to advance these priorities. Over the last few decades, the United States has fallen behind in research and development – we lag far behind other nations in research investments, fewer young Americans are choosing to study STEM fields, and higher education opportunities are further out of reach than ever before. At the same time, innovative research has never been so critical. Extreme weather is threatening farmers and ranchers' operations and

bottom lines. COVID-19 continues to sweep the world as we work to get folks vaccinated, all while hunger and equity divides deepen.

That's why I am pleased that the President and Secretary are strongly committed to investments in research and development that will define U.S. innovation for coming decades. REE will support research on climate mitigation, adaption, and resilience to inform our farmers as they work to feed the world. The data and research we can provide to producers and landowners is invaluable in shaping and creating market opportunities. We will expand our partnerships with Historically Black Colleges and Universities (HBCUs) and Minority-Serving Institutions (MSIs) to leverage the important work they do, and the invaluable connection they have with underserved communities. We will also provide sound science to help the global community understand and respond to the coronavirus pandemic and the next global public health threat.

#### **The Fight Against COVID-19**

I am proud that our scientists have been part of the fight against COVID-19. Untold numbers of American families have suffered due to the coronavirus pandemic over the last year. REE is working to take a comprehensive look at the full scope of the pandemic – not just the virus' impact on humans, but also how it affected food systems, food security, and agriculture. We are leveraging decades of research and partnerships to examine these questions.

NIFA refocused over \$23 million to support COVID-19 related research, extension, and education through land-grant universities and small businesses. ARS worked to answer critical questions about the ability of domestic animals to carry and transmit the virus. ERS launched the COVID-19 Working Paper Series to provide timely analyses on the pandemic and collaborated with 11 universities to investigate how COVID has impacted agricultural supply chains.

We also deeply appreciate the resources that Congress has provided to REE to prepare for and respond to coronavirus. The December Coronavirus Response and Relief Supplemental Appropriations Act provided more than \$140 million for REE to help shore up hunger relief programming and support farmers during the pandemic. These funds are helping provide



technical assistance for beginning farmers, support state departments of agriculture to respond to mental health challenges, and promote access to healthy foods in low-income areas.

While these resources and research are allowing us to respond to the pandemic and take a critical look at how we got here, it is now time to look forward. We must deepen our investment in research to improve resiliency in the future and strengthen local and regional food systems.

### **Tackling the Climate Crisis**

Equally important is REE's work to address the climate crisis. President Biden has demonstrated an unwavering commitment to the fundamental research at the heart of global climate issues, including REE's work in this area. Long-term investments in research supports continuous and consistent observational records, which are a cornerstone of global climate science and resilience research.

REE is leveraging technology to advance climate-smart land use, conservation, precision agriculture, and carbon sequestration for the good of current and future generations. We can build off the existing infrastructure like REE Climate Hubs and leverage their institutional knowledge and collaboration. The Hubs provide practical, proactive tools to American producers and customers by providing a touch point for regionally relevant science and technical information, incorporating the newest information from USDA researchers, and moving it to field application through USDA program agencies. Going forward, these Hubs will be a critical component of REE's strategy to tackle the climate crisis.

USDA is a leader in conservation, science, and research. We put food, agriculture, and forestry at the center of climate smart practices to build new markets and develop renewable energy. To successfully position the United States as a leader in climate change mitigation, we must build off the passion of our farmers, ranchers, and private forest owners. Producers are the best stewards of our land, and REE can support them with the resources and the technical know-how to implement soil conservation, carbon sequestration, pasture or rangeland management plans, and waste management programs. The REE mission area stands ready to meet these challenges and advance the Administration's climate goals. It's important to note that this data is essential

for farmers to remain competitive in today's marketplace and to respond to consumers and food companies demanding sustainable products with metrics. Partnership with USDA can help producers participate in that marketplace.

### **Workforce Capacity and Advancing Racial Equity**

The challenges facing agriculture, human and animal health, natural resources and conservation are immense. We must meet those challenges head on and need a well-resourced agency to do so.

That means robust funding, but it also means ensuring that the REE workforce feels supported and able to carry out their mission. REE faced significant staff losses over the past five years, and rebuilding that capacity is a key priority for the mission area. Rebuilding capacity will improve our ability to support the nation's farmers, producers, and consumers from the farm to the dinner table. It's never been more critical to restore our employees' voices and support their efforts to advance the Agency's mission.

The President and Secretary have both been very clear – this new workforce must look like America. Investing in inclusion, diversity, and inspiring future generations through formal and informal learning is critical for the future. Talent must be inspired, nurtured, and advanced across the country if the United States is to maintain its global leadership in science and technology. USDA is dedicated to ensuring equity across its agencies and developing a diverse workforce.

The President's Fiscal Year 2022 discretionary request for USDA's REE mission area provides \$4 billion. If our Nation is to maintain our leadership role in agricultural innovation and productivity, we have an obligation to support research, education, and extension activities. It is too easy to take for granted the healthy, nutritious, and safe foods that are available to us, the clean air we breathe, the biobased goods we use each day, the fresh water we drink, and even the clothes we wear. These are benefits rooted in discoveries made by federal investments in agricultural science, in partnership with our land-grant universities and Minority-Serving Institutions. We look forward to building on these discoveries and starting a new chapter in

American innovation – one that supports our rural economies, spurs job growth, and expands our scientific horizons.

Mr. Chairman and Ranking Member Fortenberry, I look forward to working with you and the members of this Subcommittee as we continue to support world-class science at USDA to maintain and increase the strength of U.S. agriculture.

Thank you again for your time and I would be pleased to answer any questions you may have.

Mr. BISHOP. Thank you, Dr. Jacobs-Young. We will now proceed with questions. As I mentioned earlier, we will begin with the chair and ranking member, then alternating majority and minority with members present at the time the hearing starts in order of seniority.

After that, I will recognize members not present at the time the hearing is called to order. Each member will have 5 minutes in each round, so please be mindful of your time.

At this time, I will recognize myself to begin the questions. Dr. Jacobs-Young, you just recently mentioned the staffing needs for ERS and NIFA and your mission area. Those problems, particularly, at ERS and NIFA are well-known, are resulting from the relocation last year.

I want to be clear that I recognize that the relocation was not your decision, but we are where we are, and I am focused on how these agencies can, to borrow a phrase from the administration, build back better.

Secretary Vilsack was recently asked about the plan for ERS and NIFA, and he stated his goal was trying to limit the level of disruption to the agencies while increasing staffing. I share that goal, but I also believe that the most important thing for ERS and NIFA is to hire many people who can hit the ground running and get us back on track.

Your work is cut out for you, as about a third of all of the positions at ERS and NIFA are still vacant 18 months after the move. What is your plan to quickly and appropriately fill the staffing vacancies at each of the agencies?

Ms. JACOBS-YOUNG. Thank you for your question. And I am absolutely—ERS and NIFA are our highest priority in rebuilding the workforce. I will insert here that each of the agencies suffered extreme losses and had many vacancies. And so we have a hiring effort under way that we began about a year and a half ago where we are hiring at an extremely fast pace, not avoiding quality in those hirings, but making sure that it is our highest priority.

In the beginning, as you mentioned, ERS and NIFA lost almost 75 percent of the employees impacted by the relocation. So they simply declined to accept the relocation and left the agencies. Right now our highest priority is to not, you know, further disrupt the employees but to continue to hire at a pace that is going to help us meet our goal.

I will share with you that since October 2019, NIFA has brought on 179 positions, ERS has brought on 96 positions. And before the end of the fiscal year, we plan to bring on a total of another 100 positions, about 50 in each agency. And that will—each agency is about at 220 people at this time. So we are on our way.

The pandemic was a disruption in our lives. One of the highlights during the pandemic is that we were able to do a lot of hiring, and so we really did capitalize on that time. And so we will be working to look across America to identify the right people for the right positions.

And as I said earlier, we wanted to make sure that those people also resemble America. So we have put hiring in place, we have contractors in place, we have been using them over the last year and a half and 2 years, and they have supported us tremendously.

I will also add that ARS announced 1,500 positions in fiscal year 2020 and we were able to bring on 1,200 permanent and temp employees during that time. And so hiring is one of our highest priorities.

And so we will stand behind NIFA and ERS to continue to meet the needs around hiring.

Mr. BISHOP. Okay. Quickly, let's look at the big picture for USDA research and where each of your agencies is headed in next 5 years. And we may have to come back to this later.

But NASS and ERS—can I get each of you—well, I will come back to this in the next round. My time is about expired.

So at this time let me just yield to my Ranking Member Mr. Fortenberry for any questions that he may have at this time.

Mr. Fortenberry, you are now recognized.

Mr. FORTENBERRY. Thank you, Mr. Chairman. And, again, Dr. Jacobs-Young, welcome to the committee. Thank you for your testimony. And as I noted when I reviewed your biography, you are quite busy with a number of assignments at the moment.

I have a single question to start out our dialogue. What is the highest research priority at USDA?

Ms. JACOBS-YOUNG. That is a complicated question because, you know, as you know our researchers are responsible for supporting every aspect of agriculture. And right now, one of the biggest cross-cutting priorities is climate change. Because what we find is that, you know, the impacts of climate change impact many different areas of agriculture, including nutrition. You know, we are taking a look at the impacts of climate change on the impact of nutritional values of crops.

So I would say our highest priority right now is responding to and be resilient in the face of climate change.

Mr. FORTENBERRY. Okay. Thank you. I want to just unpack this a little further because I am going to use the word "sustainability," not that I have a ready-made answer to you. But sustainability has two sides of the coin. Obviously, environmental consideration, combined with revenue to farmer. Ability of the farmer to actually produce and make a living from the extraordinary resources of the land.

So as—the reason I am pointing this out is and in my testimony trying to push conceptually, at least, the idea of the farm of the future, which enhances precision agriculture, which builds upon our strong ag tradition in terms of low crop and livestock production, and then invites others as well to expand the ag family into specialty crop production, and again creating regional economies—local and regional economies to reconnect the urban and the rural. I think are all the exciting and leading-edge things.

In which if we can have more singular focus on this conceptually, I think we go a long way toward answering a lot of the various, as you rightly point out, complexities of agricultural research.

So that is just my little speech, but I wanted to get that in front of you for you to know how I am thinking about this as well.

Secondly, what is the most important research discovery recently made?

Ms. JACOBS-YOUNG. So it is, you know, as administrator of ARS in my day job, it is kind of hard to pick the best of my babies. But

I will share with you some of the outcomes, some of the impacts that we have recently—I think about our development of the African Swine Fever vaccine and being able to disseminate that technology to commercial entities to begin to support the production of an African Swine Fever vaccine.

To think about our work in COVID state, right away ARS researchers were able to pivot and conduct research to let us know due to the common poultry, to cattle, to swine can they, are they susceptible to the virus, and can they then transmit the virus to producers and others? The work on their part of them getting those \$23 million worth of grants out the door in a very big way and very fast, which typically is not the case. Sorry, I am getting a lot of feedback. And I can't hear myself.

So, yeah, so I think about those things, and then I think about the Asian giant hornet. You know, and so when we talk about, you know, being able to be—one of the beauties of infrastructure in intramural research agencies is we have the capacity in places to quickly pivot to respond to emerging threats.

The Asian giant hornet reared its head in the State of Washington. We were able to go back to our colleagues to get our research and quickly develop a lure that captured the Asian hornet, trapped it back to its nest, and dealt with the issue. So—

Mr. FORTENBERRY. If I could just stop you there. Thank you very much. I think what we are doing is we are both probing the idea here that we have got two missions at once. One is to respond to emerging needs, as you are rightly pointing out in terms of the possibility of plagues or problems that are emerging in food delivery.

And as I am trying to state, tether ourselves consistently to overarching framework so we advance this greater cause of revenue requirement the sustainability of food production as it has all types of consequences for the environment as well.

One quick question before my time runs out. You had referenced this in your testimony as well. And we are looking at better coordination between land grant institutions and minority serving institutions. What are your initial ideas in this regard?

Ms. JACOBS-YOUNG. Initially, we want to be able to develop things like we are doing right now, creating centers of excellence, creating initiatives that bring, proactively bring different segments of our ag enterprise together. And I think those are going to be successful in helping us to bridge those coordination pieces.

Mr. FORTENBERRY. Thank you very much.

Mr. BISHOP. Thank you, Mr. Fortenberry. And at this time, I am delighted to recognize the chair of the full committee, Ms. Rosa DeLauro, the gentlelady from Connecticut.

You are now recognized.

The CHAIR. Thank you so much, Mr. Chairman.

Dr. Jacobs, for too long, we relied on extractive, exploitive form of corporate agriculture. Lots of negative consequences. We have seen the rise of large livestock confinement operations, some of which housed millions of animals, small pieces of land, or inside of a building. And whether or not we are looking at hogs, poultry, cattle, the operations are known to make our food less safe, increase antibiotic resistance, and contribute to climate change.

We also learned this week that this corporate agriculture has directly been taking people's lives. There was a study published in the proceedings of the National Academy of the Sciences found that hazardous air pollution from livestock confinements resulted in 17,900 deaths each year in the United States. That is unacceptable.

I don't believe livestock should be raised in confinement. I don't believe the science can justify it. We have got to find ways to incentivize and support regenerative and pasture-based operations instead of continuing to subsidize this confinement model.

At the same time, we should pursue poverty in research funding for alternative proteins, a compelling option for addressing agricultural emissions. How can the REE Mission Area and its scientific agencies support these initiatives and facilitate a more sustainable regenerative food system?

Ms. JACOBS-YOUNG. Thank you for your question. I did read The Washington Post article. I, unfortunately, have not had an opportunity to read the full study. I have had a lot of questions after reading the Post article, and I hope they will be answered after I see the entire study. So at this point, I am not in a position to make an informed opinion on this study.

And in the area of regenerative agriculture, I really would like to bring in the heads of our Agricultural Research Service and our National Institute of Food and Agriculture, and we can talk a little bit about the work under way.

Dr. Castille with NIFA.

Mr. BISHOP. Dr. Castille, if you would please unmute.

Ms. CASTILLE. I am sorry about that. I was having difficulty getting off of mute. So thank you so much for your question.

We are doing a lot of work in this space within AFRI, our flagship competitive program. So we have six funding categories that measure quite closely with the farm bill priorities. And we work closely with our land grant universities.

We are looking at sustainability as well as regenerative agriculture. But there is really four priorities that we are looking at. One is on the productivity side, two is on the stewardship side, three is on the profitability side, and four is really quality of life.

And so, again, I think you will see all of that research and our partnerships with our land grant universities is going to pay off in dividends in these areas. So thank you so much for your question.

The CHAIR. Thank you. I have—I don't know if anyone else is going to speak, but I have a question on nutrition that I wanted to pose to Dr. Jacobs.

Ms. JACOBS-YOUNG. Fantastic. We can move on to nutrition. Thank you.

The CHAIR. Okay. Thank you. A recent study, school meals are now the healthiest source of food consumed in the U.S. It is an achievement that was made possible by USDA implementing the nutrition standards that resulted from the Healthy Hunger-Free Kids Act which the Congress passed.

Despite the improvement, we are still facing a nutrition crisis exploited by the COVID pandemic. And you know that there is a study again from Tufts that found that two-thirds of hospitalized COVID-19 patients had diet-related diseases, including heart disease, diabetes, obesity.

So what work has been done within REE on improving nutrition and diet quality of Americans? What have the findings told us about the sort of policies we should look at? I would be interested in hearing more about your coordination and collaboration with your Federal partners when it comes to nutrition research. Not very much time left, but so, tell me what—

Ms. JACOBS-YOUNG. I will move very quickly just to share with you. You know, with our six nutrition center, one of them being the Tufts Nutrition Center, we provide a lot of data to our partner agencies, the Food and Nutrition Service, Food and Drug Administration.

One of the things that is our expertise in USDA is really using decades of data to determine, you know, what are the guidelines and the guidance for helping people to eat healthy to avoid chronic disease, to avoid being vulnerable.

And so we are working with FDA, with the Food and Nutrition Service, and with our other colleagues to provide the data from the fundamental data from those nutrition centers.

The CHAIR. Okay. Thank you. I have run out of time. I thank you very, very much. And I will provide some questions for the record.

Thank you, and thank you to all of your colleagues here this morning. You do wonderful, wonderful work. And we can't move forward without you.

Thank you very much.

Ms. JACOBS-YOUNG. Thank you, Madam Chairwoman.

The CHAIR. Thank you to the Chairman.

Mr. BISHOP. Thank you, Madam Chair. And at this time I am delighted to recognize the former chair of this subcommittee, the gentleman from Alabama, Mr. Aderholt.

Mr. Aderholt, you are now recognized.

Mr. ADERHOLT. Thank you, Mr. Chairman. It is good to be with you today and have our guests here before our subcommittee.

And, Dr. Jacobs-Young, I will address this to you, but also if any of the others, administrator, director wants to answer this or feel like they might have a better insight on this, you know, I will certainly welcome that.

Employment in the timber industry is an important economic engine, not only in the district I represent, but also in the State of Alabama and really across the Nation. And I am sure that you are aware and most people have become aware now that the demand for lumber has increased dramatically just over the last year.

With housing startups, there has been a lot of home renovations that have taken place over the last year, just do-it-yourself improvement, all of that especially during the pandemic has really caused this to skyrocket.

Lumber mills, such as I have one of the ones in my district, Jasper lumber, had been producing lumber as fast as possible, but the demand seems to continue to increase. It is my understanding that increasing lumber availability in the marketplace has been limited by factors including workforce and trucking shortages, limited ability of building materials, and high demand for manufacturing equipment. Has ERS done any research into the limiting factors that are driving these prices increases in the ag—in this ag com-



modity and the corresponding effects that is having on our rural communities?

Ms. JACOBS-YOUNG. So let me first say as a graduate of a college of forced resources, it excites me that there is this high demand for forest products. Lumber is a wonderful way to store carbon. So this is—it has some positives to this.

I am going to ask Administrator Stefanou to give us some insight on to if there are any studies out of ERS.

Mr. STEFANO. Thank you for your question. At present, we don't have any studies that we can release on timber and timber-related employment. But this is a classic case of demand outstripping supply at the moment, and how the catch-up will happen is something to be investigated. But we will be happy to get back to you with what we have to offer.

Thank you.

Mr. ADERHOLT. Well, are there plans to conduct research or to collaborate with other agencies, like you said, just ITA that have been communicated with the stakeholders on this issue?

Ms. JACOBS-YOUNG. So I think that, you know, we have our close friend, Dr. Alex Friend who is head of research for the Forest Service. And this will fall right in their bailiwick and so what we can do is reach out to Alex and determine what we can find and get back to you on it.

Mr. ADERHOLT. Yeah, I think that is very important. I am hearing this just almost constantly that the supply there is not—and we need to fix this issue because it is really causing a lot of hardship on a lot of people and construction moving forward.

So I appreciate if you all will look into this and can get back with us on the subcommittee as of how we can do this.

Mr. ADERHOLT. Next, Dr. Jacobs-Young, we have heard that some in the USDA have expressed interest in creating a carbon bank that would seek to encourage the adoption of certain agricultural practices, result in additional, measurable, and verifiable carbon reduction density sequestration.

As the chief scientist there at USDA, can you describe the challenges with measuring carbon reductions and sequestration across agricultural industries?

Ms. JACOBS-YOUNG. We have opportunities in USDA to really focus on a number of the aspects of the climate, you know, equation, including looking at precision agriculture, smart climate ag practices. And we have been able to do that with our long-term Agroecosystem Research Network.

And so we have had opportunities to test some of the practices and some of the techniques that we will be sharing and bring it to bear. As a science agency, it is our job to really help, regardless of what the concept, the task is to be able to help them find the data and information to support the decisionmaking. So that is pretty much our role in the mission area.

Mr. ADERHOLT. Is there any challenges that come to mind as you move forward on this?

Ms. JACOBS-YOUNG. Well, we are look always looking amount technologies, sensor development, and our long-term Agroecosystem Research Network, the ability to do these common experiments across the country, and having the right technology is important.

You know, using artificial intelligence, big data, data storage. There is a lot of, a lot of issues that we have overcome and some that we are still facing.

Mr. ADERHOLT. Okay. Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Aderholt.

At this time, I am delighted to yield to the gentlelady from Maine, the chairwoman of the Interior Subcommittee, Ms. Pingree.

Ms. PINGREE. Thank you very much, Mr. Chair. And thank you for holding this hearing today. I appreciate all that we have been able to learn.

And thank you, Dr. Jacobs-Young, it is a great to hear your testimony, and I want to ask you a little bit about climate change data tools.

The President's budget included \$161 million funding increase to support multiagency initiative to integrate science-based tools into conservation planning, to better measure, monitor, report, and verify carbon sequestration and greenhouse gas emissions and other environmental services on farms.

I am particularly interested in this, and I would like to know more about the USDA's research agencies, the role that they would play in the multiagency initiative, and a little more specifically how are the USDA researchers currently tackling the knowledge gaps that we have and how we measure and verify soil carbon sequestration?

Ms. JACOBS-YOUNG. Absolutely. We have—you know, USDA, I will just first say has been a leader in the climate science space for decades. And so we are just happy to be positioned to be able to provide a lot of this data and information to the topic at hand.

I will turn to administrator, Acting Administrator Simon Liu to talk a little about our long-term Agroecosystem Research Network, where we are doing some of this work.

Mr. LIU. Thank you very much, Dr. Jacobs-Young.

Thank you very much, Representative, for your questions.

Yes indeed, at ERS we do have extensive experience in measuring and tracking the greenhouse gas emissions from the crops, on the livestock, or pasture, or rates in our production system. So we do have ten USDA climate hubs, and also 18 locations in the long-term Agroeco Research Network.

So those are the key players in the effort across the country and work with our local producers and the stakeholders to study the carbon emissions and also greenhouse gas emissions and to develop the management adaptation circling the regional productions. So we are very excited about it, and are looking forward to work with you and your staff on this very, very important topic. Thank you.

Ms. JACOBS-YOUNG. And we will have more information as the detail budget is available. We would be happy to come back and meet with you about the overarching initiatives that will be included in the budget.

Ms. PINGREE. Great. So would you say—I guess, I am interested in this sort of critical question about how we are able to measure the carbon in the soil. And would you say that that is an area where the USDA needs further research or that you have got some systems that you are currently using that you feel good about how

we are tracking it. I don't need to get too many specifics. If you want to get back to me on it.

Ms. JACOBS-YOUNG. Yes. And it is an area of research. And I talked a little bit about sensors. And so we are trying to automate a lot of this, and so it is an exciting area of research. I would be happy to talk more about it with you.

Ms. PINGREE. Great. Let me just ask you a second question. It is a little bit about the coordination. During the last administration, the Office of Inspector General actually was trying to assess whether policy changes resulted in the suppression of any climate change research. One of things that we heard was that they weren't able to draw a solid conclusion because the REE Mission Area can't identify and track scientific publication to issues on any particular subject area.

So given that, you know, this is the real focus of your agency on climate change, I am concerned about the lack of coordination between the USDA's research agencies.

So how do you plan to improve coordination of climate change research within the REE Mission Area across the USDA and then across the Federal Government.

Ms. JACOBS-YOUNG. So some 4 or 5 years ago, we developed a mechanism, a model after the MH Pub Med. It is called Pub Ag. So all of the ARS Federally funded research papers are housed and available online from the ARS scientists.

We also are working very closely with NIFA. As you can imagine, it is easier for us to collect the information from our scientists. We have assigned ORC IDs. They have digital identifiers. We harvest that work into our pub ag. And we have ag data comments where we store our data sets.

We are working with NIFA right now since January, since I have been in this seat, and we are pulling them into and to pub ags. And as you can imagine, it is much more difficult with scientists all over the country at institutions all over the country.

So this is a little more complicated, but luckily we have had some practice. And so stay tuned. We expect to be able to show all of those publications from NIFA, ERS, and NASS as appropriate in our systems.

Ms. PINGREE. Great. Well, I am happy to hear that. And thank you again for your work and your answers.

And I yield back, Mr. Chair.

Mr. BISHOP. Thank you, Ms. Pingree.

At this time, I am delighted to yield to Dr. Harris of Maryland. Dr. Harris, you are now recognized.

Mr. HARRIS. Thank you very much, Mr. Chairman. Let me ask about a couple of areas of research that are ongoing.

One is of concern is that ag ARDA, you know, the Advanced Research Development Authority was established in the 2018 Farm Bill, but has not yet—we are still awaiting the report, the strategic plan from the Department.

It was supposed to be 180 days after that farm bill was—it was supposed to have a strategic plan now after the 2021 Omnibus Bill, do you know when the strategic plan is forthcoming? Because I think one thing the pandemic showed us is that we do need to have an aggressive research position, government-funded research that

might not be funded by the private sector in anticipation of threats to our agriculture system or agriculture-based diseases.

Ms. JACOBS-YOUNG. Absolutely. We are very excited about the concept and the vision for a guard of this opportunity to look at big, audacious challenges, ones that we haven't been able to get our arms around before in the past, that won't typically be picked up by other segments of the industry, and it is very much in the bailiwick of the government agencies.

The Secretary, by the way, is fully behind this vision, and so we are very excited about it. We have been working with the stakeholders and working with some of the committee staff and the member staff to talk about what should be sort of the direction for this plan.

And we are in the process of developing it and would be happy to come back and have a conversation with you. We do believe that when this project or when this effort is appropriately resourced, we will be able to have tremendous impact on transforming agriculture.

Mr. HARRIS. Can I ask was any funding included in the President's budget?

Ms. JACOBS-YOUNG. Five million dollars was included in President's budget.

Mr. HARRIS. Okay. 5 million, but the authorization is up to 50. So hopefully we can get moving on some of that.

One other issue that is of interest is that the ARS alone will spend over \$100 million on nutrition research this fiscal year. But we are still using a pretty nonscientific, 200-year old Body Mass Index, the BMI to determine obesity and use that as a proxy, to some degree, for overall health.

In fact, some States are even using it as a measure for vaccine priority. But as you probably realize, BMI is a very crude estimate that, for instance, people who have a lot of muscle mass will be determined to be either overweight and occasionally even obese based on muscle mass because of the way BMI is determined.

Has USDA conducted any research on this health measure? And if so, will the Department view the development of a better tool as a priority as we go forward in analyzing nutrition and nutrition research?

Ms. JACOBS-YOUNG. Absolutely. As I mentioned before, we have these six nutrition centers that cover nutrition needs from cradle to those of us well over 50.

And so ARS is collaborating with the U.S. Health and Human Services on a more personalized or precision nutrition aspect of this conversation.

Really, we are looking at—and I think COVID-19 was a great example of pointing out some of the connection between obesity and chronic conditions and how we need to be able to better use precision nutrition to provide the guidance.

The BMI was one that works, but precision nutrition is a better way to go. My precision nutrition is going to be different than your precision nutrition. And so we are definitely working on ways to be more, I would say, personalized in our approach to nutrition for each individual.

Mr. HARRIS. Well, good. Because I think the BMI is just outdated now. We should have much better ways to determine who, in fact, is overweight and obese.

You know, finally, I have a big problem that is growing into Maryland, the Chronic Wasting Disease. So CWD, which is affecting, of course, deer. It is beginning to affect deer in the State of Maryland. But it is unclear whether or not this is, ultimately, a threat to humans or a threat to livestock.

Can you tell me what is the Department doing to further investigate Chronic Wasting Disease and to determine, first of all, whether we can develop a test to rapidly test, or is there a concern that it will cross over into humans and livestock?

A concern that again that the COVID kind of brought into light that these diseases can occasionally jump between species and in fact into humans.

Ms. JACOBS-YOUNG. We do have work under way on Chronic Wasting Disease, and we will be happy to follow up with you after the hearing to talk about the work we have under way.

Mr. HARRIS. Okay. Thank you very much.

I yield back, Mr. Chair.

Mr. BISHOP. Thank you very much, Dr. Harris.

At this time, I am delighted to yield to the gentleman from Wisconsin, Mr. Pocan. Mr. Pocan, you are now recognized.

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

Let me start with, I was very glad to see the President's budget request include a robust investment in agriculture research. I am very proud of the groundbreaking agriculture research that is done at UW-Madison, and ARS has been a great partner in that.

One challenge, though, is that the facilities at University of Wisconsin that the ARS researchers work in are in terrible condition. It is a World War II building. We had Secretary Purdue come out in the last administration and visited. My only regret is they swept the cockroaches out before they showed it to him. I am hoping that we can work together to update these facilities.

I was hoping you could describe the state of our ARS facilities, and what do you need from Congress to make sure that we are on par with the excellent research that is being conducted by the ARS?

Ms. JACOBS-YOUNG. Absolutely. And thank you for the opportunity to address this issue.

ARS has over 3,000 buildings, some \$5 billion worth of buildings and facilities with an average age of 48—47, 48 years old. And so they are the result of a boom in construction. I think back in the 1960s or something like that. And some of these buildings have never been replaced.

And so when I became administrator of ARS in 2014, we began to really focus our attentions on securing resources for those buildings. And I want to thank you all for us currently having over a billion dollars to invest in buildings and facilities.

And if I gave Dr. Liu an opportunity to talk, he would say we are only scratching the surface because there are so many facilities that we are yet to address.

So we do a great job attracting the best and the brightest. We need to be able to retain them, to give them the opportunity to

work in modernized facilities with modernized equipment and IT systems, and, quite frankly, we have been very challenged in that in the way that we have been approaching it.

But so, yes, I hear you, and I have had the report back on that facility, and others, and we are working very, very hard to really look at our facilities that are in the lowest condition where we are conducting our highest priority research, and we are trying to assess our strategy on how we address those facilities.

Mr. POCAN. Well, we appreciate that, and if you ever would like to even have a virtual tour of that facility, we would love to show it to you. We wish we were only 48 years old. We are another generation older than that, and we are doing some really great seed research and other research in the building.

We cohabitate with the USDA. But it is a building that, you know, is truly substandard in pretty much every definition and would love to, love to work with you on that if you ever would like a virtual tour or in-person tour. More than likely, we will give you some damn good cheese, too, while you are in town.

So, second on hemp research. You know, hemp provides a great economic opportunity for a lot of our Wisconsin farmers and growers across the country. However, more research is needed to help farmers address some of the challenges in hemp production, like disease and limiting the levels of THC, which we really experienced a lot in my district because really they are responsible for destroying the crops if it was too high.

When is the USDA planning to support hemp research at land grant universities? How are we doing that? And is there a plan to make sure that research supports farmers in this new industry?

Ms. JACOBS-YOUNG. First, let me say we are definitely excited to be a part of the equation on helping to generate this opportunity. ARS received funding to establish a germplasm collection, which is going to be important to collecting the best germplasm. As you can imagine, this is a new area for us, and so we have had to apply for a DEA license and receive a license.

And as you talked about, to be able to control the level of THC. Can it be .3? Can it be higher than .3? So there are a lot of questions that have had to be answered.

We also have research under way in hemp cropping systems, looking—how do you use hemp in maybe crop rotation, hemp processing, and marketing systems.

So we have number of efforts under way, and I know that Dr. Castille can talk a little bit more about our hemp research with the land grant universities.

Dr. CASTILLE. Sure. Sure. And I know I have limited time, but thank you again for your interests.

We do have a few programs that I might mention. One is our Supplemental and Alternative Crops Program as well as through AFRI, our flagship program. Small businesses and Innovation Research Program as well as our Capacity and Multistate Programs.

We also have two 1994 projects as well. One is in Bay de Noc Community College in Wisconsin. And then also, again, some hatch multistate projects in which we are coordinating efforts from a regional perspective. But I can provide you more information if you would like.

Mr. POCAN. No, I appreciate that. Please do. Thank you.

And, Mr. Chairman, I yield back. Thanks for the time.

Mr. BISHOP. Thank you.

That was fantastic, Dr. Castille. You gave a lot of information in just a few seconds.

Thank you, Mr. Pocan.

At this time, I am delighted to recognize the gentleman from California, Mr. Valadao.

Mr. Valadao, you are now recognized.

Mr. VALADAO. All right. Perfect. Something happened with my settings there.

Thank you, Mr. Chairman, and thank you, Dr. Jacobs-Young, for attending, and the rest of our guests.

I want to talk a little bit about drought. Dr. Jacobs-Young, in your testimony, you mentioned extreme weather and how it is threatening farmers' and ranchers' operations and bottom lines. I agree that consequences of extreme weather events, including severe droughts, are a major problem.

We are seeing the effects of the drought in my district and across the American West in real time. I have highlighted for your colleagues at USDA, who have testified in front of this subcommittee previously in this Congress, that the ongoing drought my constituents are suffering, though, is a disaster that will, without a doubt, have a rippling effect on our rural communities in the West, like those in my district.

We all need to work together to alleviate consequences of this disaster. Earlier this week, California Governor Gavin Newsom, with the urging of myself and my colleagues in the State delegation, finally declared additional counties in California under the state of emergency, including my entire district.

Several weeks ago, the Biden administration established an Interagency Drought Relief Working Group, of which USDA Secretary Vilsack is part. It is encouraging to hear the Biden administration is acknowledging this emergency in the West, but it is not clear what the working group plans to do to combat this issue, and there is no time to waste.

Please describe how you plan to work with Secretary Vilsack and working group to combat consequences of the critical drought.

Ms. JACOBS-YOUNG. Yes. And, you know, Congressman, you know, I think it might have been 4 or 5 years ago, we were in the same position, talking about drought in California, and I had an opportunity to testify about some of the proactive measures that we are taking to assist.

We have established a climate hub in California, and that is a regional approach to being able to address some of the very targeted issues, and one of them is drought for California.

In our science, for USDA science, we are working to develop plant varieties that can be tolerant to drought, that can grow and prosper in a place of drought, that can grow in high-salinity environments because the water supply in California is highly—has a lot of saline in it.

We are also developing tools to help predict water availability, so if we can give farmers and producers even just a heads-up in an effort to be prepared. We work with NASA to develop a tool called

iSnowball, and it forecasts your water availability based on the amount of snow that is available and the melt that we expect. And so we are using those types of tools.

We also have a tool that we have developed called the Evaporative Stress Index, and it helps us look at evapotranspiration in plants to improve drought monitoring.

So we are doing things that we hope can be able to provide decision tools for producers that can give them a heads-up, you know, and hopefully we can provide the data we have, the solutions we have around irrigation techniques to the effort that is going to be happening at the national level.

Mr. VALADAO. I appreciate that. Obviously, research in drought-tolerant crops is something that is very useful, and lot of the irrigation techniques is something that is being implemented and continues to be implemented across more.

I am going to try to change things up a little bit. Trade. Your testimony highlights research efforts between universities and Economic Research Service to investigate how COVID has impacted agriculture supply chains. There have been major delays across the United States of producers having an extremely difficult time moving their goods to where they need to go outside of the U.S. Empty container ships are leaving the U.S. ports and heading back to southeast Asia, without moving any cargo from the U.S. that is supposed to be exported.

Coupled with excessive shipping costs and detention and demurrage fees, exporters are struggling to meet contract deadlines in our critical Asian markets, jeopardizing important trade relationships. I have been hearing from constituents of mine, particularly those involved in the agriculture industry, that this is a major issue.

It is encouraging to hear that the Economic Research Service is working to improve agriculture supply chains, but it is important to work with other stakeholders so the information is shared with those who can learn from it.

After ERS and universities complete their investigative work, what happens to the findings? Are recommendations provided to the supply chain stakeholders who can learn from the investigations?

Ms. JACOBS-YOUNG. This is great. So I am going to turn to Administrator Stefanou to talk a little bit about their work in this area.

Mr. STEFANO. Thank you, Representative, for your question. Trade is essential—is an essential mechanism for U.S. agriculture. Today, actually, we released a Chart of Note that shows that we had \$142 billion of ag exports in 2019, which also generated another \$160 billion in revenue to U.S.—farmers, service industries, food processors, and others.

The blip, the disruption in the COVID, you know, is a situational issue, and we are engaged with these co-op agreements, and we will distribute research reports broadly to all comers once our work is completed.

Mr. VALADAO. I appreciate it. And my time is pretty much up, but just one follow-up comment is, a lot of my farmers, as commodities start to come out of the—are harvested, there is going to be



a huge impact on our farmers. Right now, our citrus guys are getting hammered pretty hard, and we see our grapes and others are pretty nervous about the future. And so as groups continue to work on this, any research or any opportunity that you can play a role in being helpful would be greatly appreciated.

Mr. Chairman, thank you for indulging my extra time there, and I yield back the rest of my time.

Mr. BISHOP. Thank you, Mr. Valadao.

At this time, I am delighted to yield to one of our very, very impressive new members, the gentlelady from Illinois, Ms. Underwood. You are now recognized for your questions.

Ms. UNDERWOOD. Well, thank you, Mr. Chairman. And thank you to our witnesses for joining us today.

Farmers in my northern Illinois community are on the front lines of climate change, and in recent years, they faced unprecedented flooding and some very, very difficult planting seasons.

We know that farmers are key to improving the sustainability and the resilience of our region, and many are already delivering solutions with real impact in our efforts to address climate change.

Effective climate change mitigation and adaptation practices in agriculture are in so many ways built upon the scientific and technical output of USDA's research, education, and economics agencies.

I am pleased to see the emphasis on climate change in your written testimony, and I would like to ask some questions on the agency's efforts in this space.

First, I want to follow up on a question asked earlier by Representative Pingree regarding the recommendation from the USDA Inspector General that USDA establish a central mechanism that actively tracks USDA-funded research and scientific publications.

In the agency's response to the inspector general, it agreed to this recommendation and provided a timeline of fiscal year 2024 for implementation. I would like to learn more about why this timeline is so drawn out.

Dr. Jacobs-Young, can you provide an update on the agency's efforts to implement the inspector general's recommendation, including if you intend to accelerate the timeline the agency originally provided to the inspector general? And if not, can you elaborate for us why the fiscal year 2024 timeline is appropriate?

Ms. JACOBS-YOUNG. So that is—yeah. So as I shared earlier, we are going to work very diligently to integrate the NIFA-funded projects into the platforms that have been developed for open access and transparency.

We have been very busy in the last 6, 7 years, really, digitizing all of our collections, collecting all of our peer-reviewed publications, our data sets, and our new platforms called PubAg and Ag Data Commons. We think that is a great platform for NIFA work.

While I am sitting in the seat as Acting Under Secretary, we are going to work very hard to get them integrated into those platforms. We already have a proof of concept, we have already been doing it very well, and we think that that is an opportunity.

And so if that accelerates the timeline, I think that is going to be good news for all of us.

Ms. UNDERWOOD. Fantastic. Thank you.

So the system will become even more necessary as USDA ramps up its climate change research efforts. It will allow more coordinated research effort, and farmers, scientists, Congress, and other stakeholders can stay better informed of USDA-funded research.

Next, I would like to learn more about USDA's plans for the Regional Climate Hubs. Since their founding, the Climate Hubs have provided an array of practical tools and information to farmers, despite limited funding and staff. President Biden's skinny budget requested \$40 million for these Climate Hubs.

Can you provide some detail on the plans to expand the Climate Hubs program, particularly your plans to improve outreach to farmers and increase their awareness of these new resources?

Ms. JACOBS-YOUNG. Yeah. So we will get a lot more details from the President's detailed budget when it is released. I will share with you some long-term plans we have for the Climate Hubs, and that is to look at places where there are still gaps, where we might be able to establish new hubs.

There is a need to really—the Climate Hubs have been so successful in training the future generation of our agricultural and climate scientists, and so we really want to expand the program of bringing in grad students and post-docs to be able to train them to be a part of our team going forward.

And we want to expand the scope of the Climate Hubs. You know, one of the things we talked about—so PubAg is wonderful. PubAg—ARS produces alone some 4,000 or 5,000—4,000 peer-reviewed publications and a couple of thousand in climate science alone.

Producers can't go to that PubAg and know what to do, and so the Climate Hubs are so important, because they take all of that peer-reviewed publications, all of that information and they translate it into tools that the producers can use. And so bringing the producers in and the stakeholders and consumers to be a part of the conversation and delivering to them information they can use so that they can be a part of the solution.

And so that is why we need all of it. We need the repository for the material, we need the people who can translate it, and then the Extension and the Climate Hub folks to take it out there to the people who actually need it.

So there are a lot of efforts underway. We are so well-positioned to help the administration in their goals for climate, and we are just excited to have an opportunity to do so.

Ms. UNDERWOOD. Well, thank you so much for your extraordinary work and your leadership. I am so pleased that your tenure as the Acting Under Secretary is going so well, and thanks for appearing before our committee today.

I yield back.

Mr. BISHOP. Thank you very much, Ms. Underwood.

And at this time, I would like to yield to the gentlelady from California, the chair of the Foreign Ops Subcommittee, Ms. Barbara Lee.

Ms. Lee, you are now recognized.

Ms. LEE. Thank you very much.

Thank you, Mr. Chairman, and thank you to our ranking member. And especially thank you to Dr. Jacobs-Young for your leader-

ship and your testimony and for being here today. It is really exciting to be with you.

A couple of questions I have. First of all, urban farming production methods make fresh local produce available to communities across the Nation, especially in minority communities that are often classified by USDA as food deserts. Vertical farming, particularly, has the potential to change how we get fresh food to local communities while using a fraction of the land and water needed to grow the same food traditionally.

I am fortunate enough to see the economic benefits and health benefits that this type of access to fresh food provides right in my own district in Oakland and Berkeley, California, where one local vertical farm provides healthy food year round.

So, Dr. Young, how is USDA engaging with new urban and innovative farming industries like vertical farming? And is the USDA supporting research to advance sustainable agricultural practices like vertical farming as land use and water use becomes increasingly more restrictive?

Ms. JACOBS-YOUNG. Absolutely. At USDA, we have worked in both ARS and NIFA in the area of urban agriculture, and we are looking at germplasm. You know, a lot of people think you can just take a plant that grows outside and bring it inside and it is going to be the same outcome. That is not necessarily true. And so we are developing varieties that are productive and can be more successful inside a soilless or a hydroponic situation. We are developing new management practices. You know, we have to deal with pests and diseases. Even if they are grown indoors, they have to have pest and disease management strategies.

One of the big issues around indoor growth was energy and heat use. And so we have developed some models to help be able to simulate and help growers be able to mitigate some of the costs, some of the needs for energy and heat. And we have developed new management practice, new soilless practices, new hydroponic practices, and so we are very much on board.

I would like to be able to ask Dr. Castille if she wants to talk a little bit about what NIFA is doing with the land grant university system.

Ms. CASTILLE. Sure. Thank you so much.

So we do have a few programs that you might be interested in. First is our SARE program, our Sustainable Agriculture Research and Education program. It is farmer lab research on farm, and it has been tremendously popular. We have heard a lot of feedback, and we have a lot of support from organizations like our National Sustainable Ag Coalition, and we work very, very closely with them.

We also are looking at things like vertical farming through AFRI, our flagship program, as well as our capacity programs. And then we do have an urban agricultural program as well. And I see we have limited time, but I would be happy to provide you with some more information.

I do also want to emphasize, though, through our 4-H and positive youth development programs, we are actually introducing concepts and really looking at and listening to see what we can do to

be able to support our youth, especially in urban agricultural settings.

So thank you so much.

Ms. LEE. Thank you very much. And let me just—I have just a minute left.

Dr. Jacobs-Young, given the toll of the pandemic, which you have clearly laid out on families and increased levels of food insecurity, how is USDA increasing outreach and enrollment in these nutrition education programs? And what are we doing to empower USDA to really look at the inequities in terms of food insecurity and nutrition as it relates to poverty rates throughout the country, rural and in urban communities?

Ms. JACOBS-YOUNG. Absolutely. We have some outreach efforts through NIFA with the Extension service. We have some efforts through Economic Research Service where they have actually taken a scientific look at the impacts of the COVID-19 pandemic on food insecurity, on the food—how much food is being purchased outside of the home, inside the home.

Carrie, could you quickly talk about the program with Extension?

Ms. CASTILLE. Sure, sure. So—and I love talking about Extension. So I came from Louisiana Cooperative Extension. EFNEP, our Expanded Food and Nutrition Education Program is a very, very popular program. It provides resources and educational information to our underserved populations, for us to be able to help to make better choices and healthy choices in our diets. It is a very, very popular program, we are very excited about it, and I can share more information with you should you need.

Ms. LEE. Okay. Thank you very much, both of you.

And I have 12 seconds left, Mr. Chairman, so I will yield those 8 seconds back to you now. Thank you again. Good seeing everyone.

Mr. BISHOP. Thank you, Ms. Lee.

And at this time, I am delighted to yield to the chairlady of the Defense Subcommittee of Appropriations, Ms. McCollum, the gentlelady from Minnesota.

Ms. MCCOLLUM. Thank you, Mr. Chair. Thank you. Thank you so much.

I am not going to get into Mr. Pocan's offer of cheese, but we have a lot of great dairy products in Minnesota too, the home of Land O'Lakes.

I would like to kind of switch gears a little bit and talk about two items. The Research, Education, and Economics mission is very key to what you do in USDA. It is, you know, helping rural communities rebuild and combatting climate change. And we have a lot of that work going on at the University of Minnesota. So I would like to take a minute to talk about the Forever Green Initiative.

And what is exciting about that is it is a multisector partnership. It is hosted by the University of Minnesota. Brings together groups like Friends of the Mississippi River, Minnesota Farmers Union, Minnesota Department of Agriculture, the Intertribal Agriculture Council, and so much more. And part of what they are working on is the continuous living cover on farmland.

And the Midwest crop production, by and large, is rural crops—corn and soybeans. And as people know, these are harvested in the

fall. And what that means is that now we have bare soil, you know, following the year's planting, and it can lead to all kinds of challenges that I know the USDA is working on—soil health, erosion, pollution runoff.

You know, something else that we work on a lot with Ag and the Minnesota Department of Natural Resources is wildlife habitat. You know, it can lead to nitrates in groundwater and a whole lot of things.

So Forever Green is working on developing the perennial and winter-tolerant crops. And I heard you talking about hemp just a few minutes ago, maybe in the offseason, not only to help with climate change but, you know, helping our soils be more resilient.

So I would like you to tell us a little more about, from the Research, Education, and Economics mission, what are you doing to support partnerships like Forever Green?

My second issue is a followup on a great hearing that the chair had last week on rural development, and we were talking about, you know, what we need to do to keep rural America strong. And I would like to know a little more about, you know, how broadband ties into this issue in particular, and that is Tribal colleges and universities, and probably for HBCUs and other higher education learning institutions, which I have supported funding for in the past. But I would like to understand more about your research and education extensions, especially at Tribal colleges and universities.

They were only given land grant status in 1984, and at that time—excuse me—1994—1994—and at that time, there were only 26 of them. Now there is 35 TCUs, have been given this designation. The funding for these research grants has not been meaningfully increased, and it has not been adjusted for inflation, and so it puts Indian Country behind some of our other minority serving institutions.

So maybe kind of give me a taste for what might be in the budget or follow up with the committee on what you are doing on these two projects.

Thank you, Mr. Chair.

Ms. JACOBS-YOUNG. Okay, great. You know, we recently had a 2-day Tribal consultation with—hosted by USDA, and we had a wonderful opportunity to hear from the Tribal community about the things that are important to them from a research-education perspective.

We heard the need for, you know, additional support. You know, they asked for that. We heard the desire to grow their own experts. And so what has happened is that the students come out and they may stay—and they go out to the university outside of the community and they stay outside of the community for the most part. And what they want to do is have the capacity internal to the Native community, is to train and grow their own experts so that they have a pipeline of people that stay and help grow their expertise.

In USDA, ARS, NIFA, ERS, and NASS, we heard from them a number of things that we can do to be better partners for the Native American community. Talked about germplasm—I talked about germplasm a little bit earlier—working with the Native American community to preserve germplasm that is important to their culture.

You know, we are looking at the American buffalo and some of the other germplasm that is unique but that can also teach us some things about how to respond to drought, how to respond to floods, you know, because they have been doing it for a long, long time.

And so we have a lot to learn from how they have done production management practices. And so we are going to be working with them, and we would love to follow up with you on what we plan, what our new plan is going to be.

Ms. MCCOLLUM. Great.

Mr. Chair, they can get back to me on the Forever Green. Thank you for the time, Mr. Chair. I appreciate the testimony.

Mr. BISHOP. Thank you very much, Ms. McCollum.

At this time, I would like to recognize the gentleman from Texas, my good friend, Mr. Cuellar.

Mr. Cuellar, you are now recognized.

Mr. CUELLAR. Thank you, Mr. Chairman. Thank you to you and the ranking member and to the members of the committee.

Thank you for being here, to the witnesses, and I would like to ask you some questions dealing with the border area.

In the Lower Rio Grande Valley, we got a couple threats to the citrus. One is the ongoing threat of the Mexican fruit fly, number one. And then the other one has to do with the citrus greening disease that, as you know, throughout the United States, a \$3.3 billion U.S. citrus industry, that is a threat. So I would like to see what you all are doing on that particular aspect.

And then the other thing dealing with south Texas is the cattle fever ticks, which is something that the committee—and I think we started this in the farm bill in, I think, 2008, where we added money to have you all fight the fever ticks. As you know, that quarantined area in south Texas has been growing instead of shrinking, even though the chairman's help and other members, we have added millions of dollars to the fever tick situation.

I don't think we can dip ourselves out of that problem. That is, you dip every cow, because you got to deal with wildlife in other areas. So I would like to see what you all are doing dealing with the cattle industry, the fever ticks, and, of course, the citrus interests industry with those two areas.

Ms. JACOBS-YOUNG. Okay, great. So I will start with the Mexican fruit fly. We have been working very diligently to bring on new experts. We have hired—we are hiring two new experts in one of our facilities, I think in Hawaii and another one there closer to Texas.

We are improving an innovation that has been around for many, many years, actually developed by Dr. Ed Knipling, and it is called the sterile insect technique. We are using that. You know, we create sterile male flies that mate and then the population dies off. So we are improving that technology to be used here.

We are also partnering with APHIS, our Animal, Plant, and Health Inspection Service, to develop and test traps and lures, and then we will be able to also improve our detection of the presence of the Mexican fruit fly. We can have an opportunity to know more about the range and scope, and we can evaluate biocontrol methods that we can bring in perhaps a wasp or some other native enemy to the Mexican fruit fly.

So we also want to be able to help develop quarantine treatment so that, you know, there is not—we can mitigate the economic losses to producers in the presence of Mexican fruit flies.

And so I know there is a lot more work underway. In the essence of time, I wanted to share that with you.

And then I can talk a little bit about the citrus greening. As you said, you know, the citrus greening, the industry has lost 60 percent of acreage and about 80 percent closure of juice plants and packing houses. So this is a very significant issue.

The disease is now widespread across commercial citrus orchards in Texas and is spreading among California's residential citrus trees. So we are not just talking about Florida anymore; we are talking about Texas and California included.

ARS has developed 12 new root stocks and seven sweet orange scions. I learned a lot about the root stocks and the scions, and if it is tolerant to citrus greening and nobody wants to eat it, it doesn't matter. We have to actually also work with the science. So we have developed the sweet orange scions, and they have shown tolerance to citrus greening. And we have publicly released all of those to be tested.

We are currently in a huge test in Florida, and they have been disseminated. We are storing the germplasm. We are backing up our California germplasm in Colorado, because now citrus greening is in California. So we are taking some proactive steps.

And one of the most exciting pieces of that, and it is a lot of work we are doing with genome sequencing, is that we have trained dogs to sniff out the citrus greening. And they can sniff it out, and they can determine if a tree has been infected early. Because what we know now is that a tree is infected, but it doesn't show signs for some 10 to 20 years, and by that time, it is too late. And so if we can learn early if the tree is infected, we can remove it. And so that is one of our exciting opportunities.

And we have a lot of work underway on cattle fever ticks. I know we don't have enough time, but I would love to have a followup with you to share all the work we have on all three of those areas.

Mr. CUELLAR. Right. My time is up, but follow up on that.

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

Mr. BISHOP. Thank you, Mr. Cuellar.

At this time, I am delighted to recognize the chairwoman of the Subcommittee on Military Construction, Veterans Affairs, Ms. Debbie Wasserman Schultz, the gentlelady from Florida.

You are now recognized.

Ms. WASSERMAN SCHULTZ. Thank you so much, Mr. Chairman. I appreciate the opportunity to hold this hearing.

I am proud that American public land-grant universities like the University of Florida—go Gators—has been leading the world in the arena of agricultural research and education. For years, UF has been an excellent partner with the National Institute of Food and Agriculture, or NIFA.

Federal investment in these academic research partnerships is so important because every dollar invested in agricultural research and development returns \$20 in benefits from increased agricultural productivity.

I would like to hear how you think NIFA's partnerships and grant programs with universities like UF help further USDA research and goals in areas like plant and animal protection, climate change mitigation, water conservation, and nutrition. I think that is really for Dr. Jacobs-Young.

Ms. JACOBS-YOUNG. Oh, absolutely. One of the things that—the beauty of the way Abraham Lincoln established the USDA and the land-grant university system around the same time, we have been partners for a long time, and so we are so connected. And so when we all do—when one of us does well, we all do well.

And so NIFA has many, many programs across the spectrum in terms of plant and animal production, working with our intramural agency, ARS, you know, our colleagues at NASS, who collect all the important data around the impacts of our work.

And so—it looks like we might have lost Dr. Castille. I see her name, but I think she might not be here right now, but—there you are. So if you want to just share a little bit more about what NIFA has underway in the partnerships with the land-grant universities.

Ms. CASTILLE. I am sorry. I must have hit my button.

So, Representative, I had an opportunity to spend some time in your great State this weekend. My daughter is actually at the University of Florida. In a passthrough, I saw the ARS facilities and had an opportunity to talk to her a little bit.

Ms. WASSERMAN SCHULTZ [inaudible].

Ms. CASTILLE. Absolutely. And it was great to see her. But as I drove through the campus and really had a chance to look at the buildings and the research that is going on, I was proud to see that NIFA has a role in a lot of what is going on in your State, as well as the University of Florida.

So we talked a little bit about AFRI. You have heard me mention that in a couple of my comments, but it is really poised to be able to look at plant health, animal health, renewable energy, sustainability, all of the different things that you feel, and you have mentioned earlier, is important in connecting with our land-grant universities.

I do also want to emphasize our capacity program. It provides the opportunities to really be nimble and to be able to focus efforts, research, education, working through our cooperative extension, as well as our experiment station, to be able to meet the needs of the State. Gives you the ability, again, to be nimble, and so I think there are some opportunities.

I would be happy to provide you with some more details as to what we are doing with the University of Florida. We have a tremendous amount of efforts there.

Ms. WASSERMAN SCHULTZ. Wonderful. Thank you.

The other question I wanted to ask really focuses on artificial intelligence in agriculture. Again, my alma mater, University of Florida, has dedicated significant amounts of its own resources, as well as utilized Federal resources to advance artificial intelligence and supercomputing research.

For example, the University of Florida's HiPerGator and AI supercomputer is a State and national asset that is helping to develop AI abilities across disciplines. And I know that UF is also working on cutting-edge research to apply AI to ag production,



which is an area where it really hasn't yet been significantly incorporated.

But one of the main challenges here is a lack of data. AI seemingly could help farmers increase crop productivity, save water, and maybe even manage pests. Is there an area where REE agency has done any work? And does USDA see potential in applying AI to ag production? How far away are we from scaling that up?

Ms. JACOBS-YOUNG. Oh, yeah, we are already doing it. We are already doing it, and we routinely leverage innovative technologies such as AI and machine learning to advance our precision agricultural research and speed up precision agriculture technology development.

We have formed some important public-private partnerships. ARS brings to the table decades of data, for watersheds, for crop and animal management. And when we partner that with companies who have expertise in GIS, for example, in software platforms, so bringing—leveraging the best of what each of us has to bring to the table, we have been able to build some very productive partnerships.

And the goal of all of this is to deliver tools to the producers and consumers that help them make informed decisions. And so we would love to have an opportunity to talk to you about some of the centers of excellence we have stood up. And so I know our time is up, but we would love to come and talk to you. I know Dr. Liu, especially, could talk to you until the cows come home about artificial intelligence, and he would love an opportunity to sit down with you.

Ms. WASSERMAN SCHULTZ. Is that a little ag joke?

Ms. JACOBS-YOUNG. He is our AI guy.

Mr. BISHOP. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman. I yield back the balance of the time I do not have.

Mr. BISHOP. Thank you, Ms. Wasserman Schultz.

At this time, I am delighted to yield to the very patient gentlelady from New York, Ms. Grace Meng.

Ms. Meng, the floor is now yours. You are now recognized.

Ms. MENG. Thank you, Mr. Chairman, Mr. Ranking Member, and to our Under Secretary Jacobs-Young, and all of you, for being here and for your great work.

I also wanted to ask a bit about the NIFA program, specifically after the 2018 farm bill provided more support for urban agriculture.

Urban agriculture in New York City, production agriculture is really booming. In addition to more than 600 community gardens, the number of commercial, the number of for-profit production agricultural enterprises in the city grows every year.

And recognizing that urban farms face different challenges than traditional rural farms, as you know, the farm bill provided \$10 million in mandatory funding for the urban ag program in the first year and then authorized up to \$10 million in annual discretionary funding through 2023. Though we have never fully funded the program, Congress appropriated \$5 million in 2020 and \$7 million in 2021 for the Urban Agriculture Office.

So last year, the Farm Service Agency funded an Urban Agriculture and Innovative Production Program, and the Natural Resources Conservation Service funded co-op agreements for compost and food waste reduction. But all NIFA did was solicit input from stakeholders on how the agency should develop the request for applications.

How come NIFA has not funded the urban agriculture research and extension programs? And does NIFA have plans for this fiscal year to fund and further develop this program?

Ms. JACOBS-YOUNG. Dr. Castille.

Ms. CASTILLE. Thanks.

And thanks, Representative, for your question. I am as eager as you to be able to get this program kicked off. I know how important it is in urban agriculture. We are awaiting the placement of the Federal advisory committee for urban agriculture, and I can commit to you we are going to be working very, very closely, and this is a top priority for me.

I do want to mention a couple of other programs in this area around urban agriculture that I think you might be interested in. Our Master Gardener program is extremely popular. It is something that I had the opportunity to be able to participate in and to be able to see in Louisiana and know that the impact that the Master Gardener program can have in really, again, identifying and being able to look at what agriculture looks like in those specific areas. So the Master Gardener program.

Let me also emphasize again the 4-H and positive youth development efforts, to be able to identify, again, what agriculture looks like. It is not a one-size-fits-all approach, but there is tremendous opportunities to be able to work with our youth and be able to, I guess, help inform and create that pipeline of urban agriculturalists.

So thank you for your question. I am going to continue, if you don't mind, to keep you posted as to where we are with that program.

Ms. MENG. Awesome. That would be great.

And just to switch gears, I know I have a little time left. It is a question for Dr. Stefanou, or whoever else would like to answer, about child nutrition programs that the Economic Research Service researches and monitors, which have been life-savers for my district, especially throughout the last year, here in Queens, New York, which was the first epicenter of COVID-19 across the country, meaning that our kids were among the first to scramble to fill the gaps in meals that they had been receiving at home when they transitioned to full remote learning.

So I just wanted to know some of the challenges that the Department faces in transitioning from in-school meals to innovative programs like the extended Summer Food Service Program or P-EBT.

I don't know if maybe Dr. Stefanou or—

Ms. JACOBS-YOUNG. Dr. Stefanou.

Mr. STEFANO. Sure. Thank you. Yes, thank you, Representative, for your question. Well, ERS is monitoring reports on the prevalence of severe food insecurity among the U.S. households, and we look at various—variations, I should say, across race and ethnic groups in geographic areas.

We just actually put some—a Chart of Note out recently on food insufficiency. And actually, we are finding that it has gone down in the last month or so for all ethnic groups except for the Asian, non-Hispanic group.

So we have been tracking this through the COVID era the past year using the Household Pulse Survey. And the Household Pulse Survey is a collaboration with the U.S. Bureau of Census and several other Federal agencies, where we are tracking, you know, real-time data here on food consumption, food purchases, and trying to keep track of what the progress is.

And so we don't have programs to promote food security. We are tracking it for us—for the Nation. Thank you for your question.

Ms. MENG. Thank you. I will yield back.

Mr. BISHOP. Thank you, Ms. Meng. That completes our first round of questions. I will now begin the second round.

Mr. Hamer, in January, the Farm Bureau released a number of recommendations to strengthen NASS. Increasing transparency with farmers in order to increase participation in NASS surveys was the first recommendation. We could have the best data analytical tools, but their value diminishes if the survey responses and the data collection rates are not as robust as possible.

What is the agency's plan to increase transparency, improve communication, and accelerate technological improvements? And how will you tie any changes back to the overarching goal of increasing survey response rates and improving data collection? And how can we help you in that endeavor?

Mr. HAMER. Thank you, Mr. Chairman, for your question. We appreciate that. We not only receive feedback from the American Farm Bureau but from other data user communities as well, and we always take that into consideration when we are looking at our programs.

Our response rates have been fairly strong over the years, including during the pandemic year. Actually, a number of the Farm Bureau recommendations were in line with our published strategic plan that lays out a way that we would move the agency forward, adapting new technology. We have a number of legacy systems that we are replacing as part of that process.

In addition to that, we have had our State directors and regional directors reach out to all of their—all of the local Farm Bureau leadership at the State level, to receive some additional feedback and talk to them about opportunities to network and work with NASS to provide additional information. In addition to that, we are working with their public affairs team to also include information about upcoming surveys that we have.

So we have a very strong partnership. And again, some of the recommendations as far as the being more transparent, those recommendations we are taking very seriously and are working to direct them to some additional information that is part—that is already on our website. So I appreciate the—

Mr. BISHOP. Thank you. Thank you.

As the agriculture industry moves to a greater, greater consolidation, small, beginning, and disadvantaged farmers have a tougher and tougher time competing in the marketplace, or they may lack adequate broadband, or they may hold an off-farm job to make

ends meet. Keeping up with the research can be very difficult for them.

So can you discuss how, Dr. Jacobs-Young, you try to address the problems facing the little guys in your research and how you ensure that they are aware of the resources that will help them become more competitive, especially through the Extension systems; as well as, how can the USDA use the perspective and the Extension Center to better collaborate with the 1862s, the 1890s, and 1994s, so that the shared audiences can be better targeted and the foods can be better leveraged between institutions and youth capabilities of all of those institutions?

Ms. JACOBS-YOUNG. Absolutely, sir. Real quickly just share with you that we are very excited about some new efforts around just some rejuvenation for our Beginning Farmers and Ranchers Development Program. We have some new efforts in energy around our Farm Stress Program because, you know, our producers need that type of support.

And I will just quickly turn it over to Dr. Castille to talk about some of the new activities around the Beginning Farmers and Ranchers Development Program.

Ms. CASTILLE. Thanks, Dr. Jacobs-Young.

And thanks, Representative, for your question. So we do have the Beginning Farmers and Ranchers Development Program, and I know there were additional resources provided to be able to help support our small farmers in this area.

It is a great opportunity to be able to provide training. In fact, on the way over here, in the Uber, I was asked about how a beginning farmer can purchase land and get training. So it is a great segue.

But it is an exciting program. We are working closely with Extension, both our 1890s institutions, our 1994s, as well as our 1862s. We also have our Small and Mid-Sized Farmer program.

So I do understand and really appreciate the conversation around supporting our small farmers. So I am happy to provide some more details. I see I am running out of time, but we do have a lot of excitement around this program, and I am happy to provide you with some of the results.

Ms. JACOBS-YOUNG. And those programs also have some emphasis on veterans, including veterans in the conversation. I think about some of the specialty crop research we have underway looking at those plants and animals that are specifically value-added for small producers. And so we have a—we would love to follow up with you afterwards, if you would like more information.

Mr. BISHOP. Thank you very much, and we will follow up on that.

My time has expired, but I would like to yield to my ranking member, Mr. Fortenberry, for any additional questions that you may have, Mr. Fortenberry. You are now recognized.

Mr. FORTENBERRY. Yes. Thank you, again, Mr. Chairman. I am going to take a point of personal privilege for a moment and retell a story that Chairman Bishop has heard me say. It might be particularly relevant to you, Dr. Castille.

When I was young, my father died, and my grandfather looked at me one day and said, Jeffrey, what do you want to do in life, and I said, Papa, I want to be a farmer.

And my grandfather had served as a county agent in St. James Parish in Louisiana. And I don't know exactly where you are from, but judging by an accent, perhaps that is proximate to where you came from.

But it is part of the reason, frankly, that I love the space that we are all in, that we have dedicated our public service to. This is about food, food security, helping those in need, and sustaining one of the most productive aspects of American life, and both in terms of what we produce but also that quality of life.

And, Dr. Castille, you made a good comment where you basically outlined the guiding principles of NIFA as productivity, stewardship, profitability, as well as quality of life. And I think that somewhat answers the earlier question that I had posed about the key priority of research.

I do want to turn back to the question that has come up over and over again in this call, because it is a bipartisan concern and it has been addressed, but let's make sure that I understand it as well as what the trajectory is.

Regarding the repository of agricultural research, a couple of months ago during a hearing with the inspector general, I asked the question, because they discovered that there was not a robust central repository of all the research coordinated by USDA. Then I asked how long would it take to get there, and they said 3 years.

Now, Dr. Jacobs-Young, you have suggested that this coordination is already underway through PubAg, I think it is called, and that this is readily available. However, there might be a gap or there is a gap with our land-grant institutions. Do I understand that correctly? That is number one.

And number two is, how quickly can we close that gap? I will turn to number three after you answer that question because it is a related question.

Ms. JACOBS-YOUNG. So, yes, PubAg is a repository for the work resulting from our federally funded research, peer-reviewed publications. We have new dashboards that show patents, and it has been a challenge. I am new to this conversation at this level, being in this position since January.

In ARS, we have been able to get our arms around it. I understand how complicated it is with [inaudible] I will share with you that we are working—that we are working extremely quickly to be able to identify opportunities to bring the existing data in and to talk about possible changes we can make to the award tracking process that might automate and help us be able to do this easy.

The data is still coming in. We are still getting an assessment of what the situation is, and so I will be happy to follow up with you, but we do have PubAg and we have Ag Data Commons.

Mr. FORTENBERRY. Okay. So I think you have heard in the hearing today a premium, an emphasis, a decided emphasis on the need to understand clearly what we are doing across multiple platforms at USDA in order so that we can answer these deeper questions about the research trajectory, being nimble, making sure, again

from my perspective, that we are looking toward the farm of the future and all that that entails.

So a quick timeline on all of this—and we discussed this with the Secretary as well during the hearing with him—is really necessary for a whole range of good public policy outcomes. So I think you are hearing us.

Ms. JACOBS-YOUNG. Yeah, I am. And I know you guys understand the complexity of once you send out a billion dollars a year to researchers all over the country, you know, we have to put some systems in place to help us to harvest that information. And so we are willing to do that, and we are working on it.

Mr. FORTENBERRY. Okay. When you go back and consolidate the fullness of understanding of this, give us a trajectory too of when this will be complete or at least substantially complete. That would be helpful.

Second point—the third point. Blue ribbon panel on the future of higher education. I was thinking about this for a long time. Chairman Bishop was gracious enough to work with me. We got it in last year's bill. Again, Secretary Vilsack has readily latched on to the idea. What is the timeline for implementation of this?

Ms. JACOBS-YOUNG. So definitely I will give Dr. Castille an opportunity to talk about where we are, to updating the process. Ultimately, I will be in a great position to help moving forward, and I know that Dr. Castille and her team are working hard to put the right pieces in place.

Ms. CASTILLE. And thanks, Representative. And I know we only have a few seconds left, but let me say we are making great progress on the blue ribbon panel. So where we are, we have two letters of intent from two very qualified organizations. That really lays out kind of the scope and incorporates your vision as well.

We have worked very, very closely with you and your staff, and we are going to continue to work closely with them. As I would say in St. Martin Parish, where we are not [inaudible] Little bit. So we are going to continue to keep you posted on that, but we are making a lot of progress, Representative, a lot of progress.

Mr. FORTENBERRY. "Parle Francais. Tres bien."

Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Fortenberry.

I see we have Dr. Harris who has rejoined us. So at this time, I will recognize Dr. Harris for a second round of questions.

Dr. Harris, you are now recognized.

Mr. HARRIS. Thank you very much, Mr. Chair.

Just to ask about shellfish aquaculture, obviously very important in the Chesapeake Bay. As we know, the oysters have been overfished, overharvested, really for centuries, but key to improvement of the bay. But we have problems with MSX and dermo, two oyster diseases. It is possible, I think, that with research we can either keep the East Coast oyster or perhaps even go to a, you know, to a non-native species if we can prove that they are safe. This has worked on the West Coast in some places.

Can you just, anyone, fill me in on what the Department is doing in terms of oyster research and especially regarding aquaculture?

Ms. JACOBS-YOUNG. Absolutely. Dr. Liu, I am going to turn it to you because I know ARS has a lot of work underway in this area.

Mr. LIU. Yes. Thank you very much, Dr. Jacobs-Young. Thank you very much, Representative, for your questions. ARS, we do conduct research on the genetic improvement of East Coast shellfish, especially we collaborate with University of Rhode Island.

As you know that oyster populations are locally adapted. As a result, it is really necessary to breed the population that are suitable for a specific environment, such as Chesapeake Bay. So ARS scientists, but we have collaborated very well with the Aquaculture Genetic and Breeding Center of Virginia Institute of Marine Science. Our collaboration focused more on the [inaudible] Through suppliers on the East Coast. So our primary stakeholders group, the East Coast Shellfish Grower Association.

So, Representative, we are working on it, and we are looking forward to working with you in the future on this very, very important area.

Mr. HARRIS. Thank you very, very much. I would appreciate that, because rebuilding the oyster stocks is clearly very important to the future of the Chesapeake Bay.

One other issue that has come up and the USDA is involved, I am just going to ask if any of the research services are, is the issue of the invasive species, the blue catfish.

What is interesting is that the blue catfish has invaded the Chesapeake Bay. As you may or may not know, all seafood, fish processing traditionally has been done by FDA, but USDA has the responsibility of doing inspection of catfish processing. And there are politics that go on in that that I won't get into. I just want to get into the science, because the reason, ostensibly, was because of the increased risk of salmonella from catfish processing.

Now that the USDA has been overseeing catfish processing for several years, is the USDA looking into any—researching whether or not this is true, whether or not we really do need to have a different processing regimen run by the USDA for catfish as opposed to any other fish?

And one of the reasons is that because it is a more stringent inspection process, it makes it—it is not commercially viable for fishermen to actually fish this invasive species. So if we could prove that, in fact, it is not a more harmful fish, it could go back to—theoretically, go back to FDA inspections and make commercial fishing one of the ways to control this invasive species.

Are the research services at USDA looking into that at all?

Ms. JACOBS-YOUNG. We are. So we have a very large catfish research project in Stoneville, Mississippi, where we are doing a lot of catfish research and we are providing a lot of important data to decision-makers. I think I have met a blue channel catfish. I think that is the one that grows to be a huge—I know I met one in Mississippi, because they are looking at the genes from that catfish that make it so resistant to so many things, and how we can use those genes in our catfish project, so with some of our domestic breeding.

So what we can do is we can go back to our researchers there in Stoneville, Mississippi, and ask what research they have underway. And then our partners in the other agencies—FSIS is responsible for catfish inspection—we would have to really go back and

consult with them and come back to you with a comprehensive answer.

Mr. HARRIS. I would appreciate that. If you could collaborate with FSIS and perhaps look into whether this salmonella contamination really is an issue or whether, as you observe, this is a, you know—again, there is some politics involved with the catfish growers in the South.

I personally think we should exempt the invasive species in the Chesapeake Bay from this additional inspection protocol, but key to that would be to prove that it is not more dangerous to inspect it with the FDA versus the USDA. So I would appreciate that.

I yield back, Mr. Chair.

Mr. BISHOP. Thank you very much, Dr. Harris.

I don't think I have any more questions. I would like to yield to Mr. Fortenberry in case he does.

Mr. FORTENBERRY. No, Mr. Chairman, I am finished with questions. Thank you again for holding the hearing. I thought it was a very thorough, good discussion.

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

Dr. Jacobs-Young and your colleagues, thank you for your testimony today. We understand how incredibly busy you are these days, and so we thank you for taking the time. And we have had a pretty, I think, robust hearing.

I think sometimes it can be easy to forget how integral your work is to other agencies at the Department of Agriculture and how much we all benefit on a daily basis from the work that you all support.

The scientific process of researching and publishing a whole genome sequence of an apple may be a mystery to most of us, but the value in having cheap, nutritious, high-quality apples available year round is something that every American can understand.

We value the work of your agencies, and we support your efforts to improve agricultural practices in our Nation.

Along with what we have discussed, we will also forward additional questions for the record, and we appreciate your diligence in getting your responses back to us in a timely manner.

Mr. Fortenberry, do you have any additional closing remarks?

Mr. FORTENBERRY. No, sir. I yield back. Thank you.

Mr. BISHOP. Thank you, Mr. Fortenberry.

And thank you for all of the members in attendance, and thank you to our staff who work so hard to put this hearing together.

And with that, this subcommittee hearing is now adjourned.

[Material submitted for inclusion in the record follows:]



THE U.S. DEPARTMENT OF AGRICULTURE  
RESEARCH, EDUCATION AND ECONOMICS MISSION AREA  
QUESTIONS FOR THE RECORD  
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING  
MAY 12, 2021

QUESTIONS SUBMITTED BY MARK POCAN

Genome to Phenome

Mr. Pocan: The Agricultural Genome to Phenome Initiative supports research to better understand the relationships between crop and livestock genes, observable traits and characteristics, and environmental factors. In the face of a changing climate, this information is especially important for farmers and ranchers as they work to improve the resilience, productivity, and profitability of their businesses.

When does USDA plan to issue the FY 21 funding opportunity for Agricultural Genome to Phenome Initiative and how many grants will it fund?

Response: The USDA National Institute of Food and Agriculture (NIFA) released the fiscal year 2021 funding opportunity on April 9, 2021 for the Agricultural Genome to Phenome Initiative. NIFA made a continuation award using a directed Requests for Applications (RFA) to fund continuing work started under the previous, fiscal year 2020, competitive award to Iowa State University. This project, one grant, coordinates agricultural researchers across the country conducting genome to phenome research in both plant and animal systems and provides seed funding for commodity specific catalytic projects. Collaborating institutions include the University of Arizona, University of Nebraska-Lincoln, and University of Idaho. More than 40 institutions or organizations from around the world are involved. Scientists from five countries serve on the Scientific Board for this project.

New Beginning for Tribal Students

Mr. Pocan: The New Beginning for Tribal Students program provides a significant opportunity to improve Tribal student post-secondary academic success across the country. UW-Madison, along with the Lac Courte Oreilles Ojibwe College and College of Menominee Nation, successfully secured a grant from this program and just submitted a proposal for the most recent round of funding to increase Tribal student participation in STEM, agriculture, and natural resource majors and careers.

Can you expand on USDA's future plans to support Tribal student academic success?

Response: The USDA National Institute of Food and Agriculture (NIFA) provides grants to many Tribal Land Grant Colleges and Universities (1994's), as well as 1862 Land Grant Universities and 1890 Historically Black Colleges & Universities

(HBCUs) to support and expand the number of tribal students who attend land grant universities and graduate with degrees from land grant colleges and universities. The progress of these students, supported through the New Beginning for Tribal Students (NBTS) program, will be monitored through annual reports submitted by grantees. In addition to this program, there are many grant programs that serve native students such as the Tribal College Equity Grants program which supports Agriculture and Science, Technology, Engineering and Mathematics (STEM) at the 1994's, and the USDA Agriculture and Food Research Initiative Research and Extension Experiences Program for Undergraduates (REEU) program. These projects include culturally important activities that positively impact student learning and engagement at land grant universities and colleges. USDA continues to work towards expanding resources and opportunities for academic success of tribal students through these programs and other programs across the Department.

TUESDAY, MAY 18, 2021.

### **MEMBERS' DAY**

Mr. BISHOP. This hearing of the Agriculture Subcommittee of the Appropriations Committee will now come to order.

As this hearing is fully virtual, we must address a few house-keeping matters.

For today's meeting, the chair or staff designated by the chair may mute participants' microphones when they are not under recognition for the purposes of eliminating inadvertent background noise. Members are responsible for muting and unmuting themselves. If I notice that you have not unmuted yourself, I will ask you if you would like the staff to unmute you. If you indicate approval by nodding, staff will unmute your microphone.

I remind all members that the 5-minute clock still applies. If there is a technology issue, we will move to the next member until the issue is resolved, and you will retain the balance of your time.

You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn yellow. At 30 seconds remaining, I will gently tap the gavel to remind members that their time is almost expired. When your time has expired, the clock will turn red, and I will begin to recognize the next member.

In terms of speaking order, we will follow the predetermined order that has been provided to your offices, beginning with the chair and ranking member's brief opening remarks. We will then begin with the first member on the schedule and move forward from there.

Finally, House rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing at our hearings or markups. That email address has been provided in advance to your staff.

Last reminder, please ensure that your video is turned on at this time.

Well, good morning. Today, we will hear testimony from our colleagues on both sides of the aisle regarding the agencies under our subcommittee's jurisdiction. As I have often noted, these agencies conduct vital work that touches the lives of all Americans. And today's hearing represents a great opportunity to listen to a diverse group of members from across the country, share your views on a wide range of issues related to our bill.

We look forward to hearing your thoughts on the appropriations process and learning more about the programs and issues that affect your districts and your constituents. Your input is invaluable as we draft funding legislation for the upcoming fiscal year for the U.S. Department of Agriculture, the Food and Drug Administra-

tion, the Commodity Futures Trading Commission, and the Farm Credit Administration.

Before we begin, I would like to remind everyone that we have several members testifying today, so we will need to strictly adhere to the 5-minute rule to remain on schedule. I want to thank every member who has taken time out of your busy schedules to speak with us today, and we appreciate your interest in the work of this subcommittee.

Now, I would like to recognize our distinguished ranking member, my partner in this endeavor, Mr. Fortenberry, and I would like to recognize him for any opening remarks that he might have.

Mr. Fortenberry, the floor is yours.

Mr. FORTENBERRY. Thank you so much, Mr. Chairman. Just a few brief opening remarks, if you will.

As you noted, appropriately, Mr. Chairman, we are here today to listen to a bipartisan group of members from distinct parts of the country and a wide spectrum of constituency. I also, like you, Mr. Chairman, want to thank every member for their willingness to participate, and please know how much we value your input. We do look forward to hearing more about the programs that affect your district and the communities that you serve.

Your input will be critical as Chairman Bishop and I work to responsibly fund the USDA, the Food and Drug Administration, as well as the Commodities Futures Trading Commission, and the Farm Credit Administration.

Mr. Chairman is well aware of this, but I should point out to everyone listening, members have submitted nearly 9,000 bill and report requests to the Agricultural Subcommittee. I think that is very valuable to learn.

As the chairman and I regularly remind members and the public, this bill, through the foods that we grow and eat, the ecosystem of rural livability we create, and the medicines we develop, touches the lives of every single American and millions and millions of people around the globe. Significant member interests showcased here illustrates how important these programs are.

Chairman Bishop, I so do appreciate your bipartisan approach to building this bill, and I yield back.

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

At this time, I am delighted to welcome Mr. Jim Hagedorn from Minnesota.

Mr. Hagedorn, the floor is yours.

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TUESDAY, MAY 18, 2021.

**HON. JIM HAGEDORN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA**

Mr. HAGEDORN. Chairman Bishop and Ranking Member Fortenberry, thank you very much for the opportunity. And I appreciate the work that you have done and all the work that you are doing in partnering with committees like the one that I serve on, Agriculture, to make sure that we sustain farming and our rural way of life.

The district that I represent is in southern Minnesota, the First District, 21 counties, mostly rural, goes all the way from Wisconsin

to South Dakota and then Iowa up about 80 miles. I think we are top ten in the country for agricultural-producing district and number two for hogs.

To put that in some perspective, we have 13 total ethanol and biodiesel plants in the district. So very heavy on ag, and the work that you perform is very important to us.

You know, we saw a lot of what happened in the last year, where it was very difficult for our farmers to get through the coronavirus from one side to the other. I think the previous administration and Congress together, in a bipartisan fashion, did a good job of helping out.

But, you know, to illustrate how tough it was, for instance, with our hog farmers, when the restaurants closed and the demand for the finer cuts of meat went right through the floor, so did the price for hogs. And we have devastating consequences, where we had too many hogs trying to go to market, and they literally had to cull their herd in many instances. It was a tough time.

So we want to avoid things like that, of course, moving into the future, and one way to do that is to try to protect the United States and protect our farmers from things like the African swine fever.

Long before anybody had ever heard of the coronavirus and COVID-19, I had been talking about African swine fever and how we didn't want it to happen in China and Vietnam and other places, we didn't want that to happen in the United States.

So I introduced legislation in the last Congress to augment the number of order inspectors that we would have, to make sure that we can try and protect the country that way, upgrade our beagle brigades that can literally go out and sniff out that pork and try to protect our farmers. And I would hope that you would continue to fund those operations and augment them, if possible. Because if we get African swine fever into the United States, it won't affect just our pork farmers; it will be everybody up and down the chain. It is going to be obviously the meat packers, and it is going to be the grain farmers, and it is going to be the truckers and the grocers and, ultimately, the American consumer.

So I would appreciate your consideration for continued funding there and to make sure we can do all we can to protect our farmers from African swine fever, and other infectious diseases, I might add.

Also, I would like you to pay attention a little bit to the infrastructure issue. And I know you know this better than I, but right now, ethanol is something that is a very good alternative. Blending it with gasoline, it helps keep the price down, and it helps to keep a cleaner environment. And we have lots of producers in our district, and they could use your continued support.

One of the areas that I think that we need to invest in is the expansion of E15. And it is not that the gas stations and others don't want to provide that option to consumers, but sometimes it can be very, very costly to convert the pumps and to make the types of changes that are needed.

So if you can look into anything you can do with the Higher Blends Infrastructure Incentives Program and try to keep funding in that area, that would be very beneficial.

Lastly, I think the whole coronavirus situation has really brought to everyone's attention, once and for all, the fact that we have a need in the rural areas for broadband. And this, to me, is just a quality-of-life issue. It is a basic infrastructure issue. We want to make sure that all Americans have the same opportunity to thrive and do well.

And so I think if we can focus more money on the rural connect program on ag, which seems to be going good things, whatever we can do and help the American people, particularly in rural areas, to have that opportunity and that we are all on the same level.

We had kids literally in the district that would have to drive to McDonald's, you all have seen these stories, you have heard about it yourself, you have seen it in person. And we just can't have that in the United States anymore. So very happy to work with you on these and other issues.

As a member of the Ag Committee, again, I think it is great that we have this partnership, and really appreciate the work this sub-committee have done; so many good things for farmers and agribusinesses and our rural citizens.

And with that, I yield back. Thanks for your time.

[The information follows:]

**Appropriations Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies**

**Congressman Jim Hagedorn (MN-01)**

As a member of the Agriculture Committee, my work in Congress is focused on the needs of America's farmers and producers. The COVID-19 pandemic devastated the hog industry, leading to producers intentionally depopulating herds due to lack of processing capacity. The Trump Administration deserves credit for pushing out multiple CFAP payments and the Farmers to Families Food Box Program in order to support producers and consumers alike.

Last Congress, I introduced legislation that would authorize more Customs and Border Patrol Agriculture Specialists at ports of entry. These CBP Ag Specialists are crucial to ensuring our imports are not contaminated with foreign diseases, including African Swine Fever. I encourage the subcommittee to provide strong funding for additional specialists to make sure there are no inspection gaps

There are over a dozen ethanol plants and biofuels facilities through Minnesota's First District. These serve as additional markets for farmers to market their crops, while also lowering the price of fuel for consumers. However, many retail fuel stations cannot afford to upgrade their tanks, lines, and pumps to ensure they are E15 compliant. The Higher Blends Infrastructure Incentives Program at

USDA makes key investments to rural fueling stations in order to provide more consumers with E15 fuel, and its funding should be increased.

Communities across Minnesota need fast, reliable internet connection to ensure their businesses and students do not fall behind. The COVID-19 pandemic has shown just how broad the digital divide is, and Congress needs to help bridge this gap. The ReConnect Program at USDA has invested millions to increase broadband deployment in small, rural communities, and I urge the subcommittee to continue the funding levels for this important program.

Thank you for your time today and I look forward to continued conversations on how Congress can support America's agriculture industry through targeted investments, and not burdensome regulations.



Mr. BISHOP. Thank you very much, Mr. Hagedorn. Your testimony brings up the importance of ensuring that our imports are protected from disease, continued investments in biofuels, and bridging the digital divide. We understand these challenges, and we look forward to working with you and your staff moving forward to address them. Thanks for coming today. And without objection, your entire written testimony will be included in the record.

Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Yes, Representative Hagedorn, thank you so much for your excellent testimony. Let me just pick up on one note that the chairman mentioned. We have decidedly focused on the broadband issue. The story you told is repeated across the country.

Modernizing and creating the metrics for understanding of what the outcome of this money that we are spending on this, because there is a lot of money there, are going to be essential to actually helping us take the next digital leap and all the opportunities that is going to afford which were painfully cast upon us during COVID.

But thank you very much for highlighting it. It is a real opportunity that we all have.

Thank you, Mr. Chairman, I yield back.

Mr. BISHOP. Thank you, Mr. Fortenberry.

And at this time, I am delighted to recognize the gentlelady from Washington, Dr. Kim Schrier. You are now recognized.

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TUESDAY, MAY 18, 2021.

**HON. KIM SCHRIER, A REPRESENTATIVE IN CONGRESS FROM THE  
STATE OF WASHINGTON**

Ms. SCHRIER. Well, thank you, Chairman Bishop and Ranking Member Fortenberry. I am here today to discuss a few issues of great importance to me, specifically, USDA energy programs that allow farmers, my constituents in rural areas, to install solar panels, Federal nutrition assistance, agricultural research, and school kitchen equipment grants. I am going to hit some highlights today and submit the remainder for the record.

So first, energy programs. On a recent visit to DeGoede Farms in my district, I saw a solar installation that was funded by two USDA programs: Renewable Energy Development Assistance, or REDA, and Renewable Energy for America Program, or REAP. These two programs provide essential technical assistance and funding to farmers and rural businesses as we install renewable energy systems like solar panels.

You know, both programs are popular in my district and in Washington State, but demand for these programs far outstrips funding.

Pierce County Conservation District recently told me that over the past 3 years, they have seen dramatic increases in the number of rural businesses and farmers interested in participating in these programs, so much so that conservation partners in the State don't have enough resources, technically or fiscally, to support the demand.

Additionally, statewide funding caps means that fewer than half the farmers who want to participate in this program are actually

able to do so. Now, if the caps were increased, we would see a lot more farms and rural businesses installing solar.

As we work with the Biden administration to tackle the climate crisis this Congress, we should be taking every possible opportunity to promote renewable energy systems. Increasing funding for REAP and REDA is directly in line with that priority, and I urge the highest possible funding levels.

Research. The Specialty Crop Research Initiative funds research that supports hundreds of specialty crops in Washington State. Past funding for projects in Washington has supported efforts to combat fungicide resistance in wine grapes, precision irrigation for fruit growers, and pest prevention in onions in the past 2 years.

I have worked very hard to make sure specialty crop researchers have access to the resources they need and was so pleased that my fix to allow waiver authority for SCRI was included in fiscal year 2020 and 2021 appropriations bills. But until a permanent fix is enacted, the fiscal year 2020 language in restoring the waiver authority must be included in annual appropriations bills. So I urge the committee to provide full funding for the Specialty Crop Research Initiative in fiscal year 2022.

Agricultural research. I also want to urge the committee to provide necessary funding to support Federal ag research infrastructure. Modern ag research and education facilities serve as the backbone of our Nation's cutting-edge ag and food research enterprise.

But according to a 2021 report by the Association of Public and Land-Grant Universities, 69 percent of research facilities at U.S. colleges are at the end of their useful life. The cost of upgrading deferred maintenance on these buildings is estimated at \$11.5 billion, and that is why I support increasing investments in our Federal ag research infrastructure.

This multiyear investment will reposition the U.S. for long-term success and competitiveness in the world. And estimates suggest that strategic Federal investment in these facilities at land-grant and non-land-grant universities and schools of agriculture would create 200,000 new jobs nationwide. New facilities would generate new solutions, a diverse group of scientists, innovators, and agricultural food managers, and each dollar invested returns 20 to the economy.

Over the last three decades, Federal support for ag research, education, and extension has been flat, but investments by global competitors are increasing. So I urge you to join me in the effort to reposition the U.S. for success and competitiveness worldwide.

Nutrition. I also want to take a minute to address the importance of Federal nutrition programs. The number of children not getting enough to eat is now 10 times higher than it was before the pandemic. And as a pediatrician, I cannot overstate the importance of ensuring that our children not only have access to food, clearly first priority, but also nutrition. And so pleased that Pandemic EBT will be extended. So I ask the committee to provide funding to ensure kids have access to WIC, SNAP, TEFAP, and Pandemic EBT.

Thank you.

[The information follows:]

**KIM SCHRIER**  
8TH DISTRICT, WASHINGTON

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WASHINGTON, DC 20515  
(202) 225-7761

**Congress of the United States**  
House of Representatives  
Washington, DC 20515

May 18, 2021

The Honorable Sanford Bishop, Jr.  
Chairman  
2362-A Rayburn House Office Building  
Washington, DC 20515

The Honorable Jeff Fortenberry  
Ranking Member  
1016 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Bishop and Ranking Member Fortenberry,

I appreciate the opportunity to share my priorities and concerns as representative of Washington state's 8th congressional district. I write to respectfully request consideration of the following priorities as you work to craft the Fiscal Year 2022 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill.

First, I ask for your support of two USDA energy programs. On a recent site visit DeGoede Farms in my district, I saw a solar installation that was funded by Renewable Energy Development Assistance (or REDA) and Renewable Energy for America Program (REAP). These two programs provide essential technical assistance and funding to farmers and rural businesses who install renewable energy systems like solar panels.

Both programs are popular in my district and in Washington State, but demand for these programs far outstrips available funding. Pierce County Conservation District recently told me that over the last 3-years, they have seen dramatic increases in the number of rural businesses and farmers interested in participating in these programs. So much so that conservation partners in the state don't have enough resources technically or fiscally to support the demand.

Additionally, statewide funding caps mean that fewer than half the farmers who want to participate in this program are able to do so. If caps were increased, we would see a lot more farms and rural businesses installing solar. As we work with the Biden Administration to tackle the Climate Crisis this Congress, we should take every possible opportunity to promote renewable energy systems. Increasing funding for REAP and REDA is directly in line with that priority, and I urge the highest possible funding levels.

Second, the Specialty Crop Research Initiative (SCRI) funds research that supports hundreds of specialty crops in Washington State. Past funding for projects in Washington has supported efforts to combat fungicide resistance in wine grapes, precision irrigation for fruit growers, and pest prevention in onions.

In the past two years, I have worked very hard to make sure specialty crop researchers have access to the resources they need and was pleased that my fix to allow waiver authority for SCRI was included in the FY 2020 and 2021 appropriations bills. Until a permanent fix is enacted, the FY 2020 language restoring the waiver authority must be included in annual appropriations bills. I urge the committee to continue to support specialty crop research by providing full funding for the Specialty Crop Research Initiative in Fiscal Year 2022.

I also want to urge the Committee to provide the necessary funding to support federal agriculture research infrastructure. Modern agricultural research and education facilities serve as the backbone of our nation's cutting-edge agricultural and food research enterprise. But according to a 2021 report by the Association of Public and Land-Grant Universities, 69 percent of research facilities at U.S. colleges are at the end of their useful life. The cost of upgrading deferred maintenance on these buildings is estimated at \$11.5 billion.

That's why I support increasing investments in our federal agricultural research infrastructure. This multi-year investment will reposition the United States for long-term success and leadership in global agricultural and food research. Estimates suggest that strategic federal investment in these facilities at land-grant and non-land-grant schools of agriculture would create 200,000 new jobs nationwide. New facilities will generate research solutions, and also aid in recruiting a new generation of diverse scientists, innovators, and agricultural and food managers. Each dollar invested in research returns \$20 to the economy.

Over the last three decades, federal support for agricultural research, education, and Extension – which drives state and local investment – has been flat. Meanwhile, investments by global competitors are growing exponentially. I urge you to join me in the effort to reposition the United States for success in food and agricultural research.

Next, I want to touch on the importance of funding federal nutrition assistance programs. The number of children not getting enough to eat is now 10 times higher than it was before the pandemic. And research from the University of Washington showed that in my home state, 30% of all households are considered food insecure, 59% of those households include children, and people of color were 1.5 times more likely to be food insecure.

As a pediatrician, I cannot overstate the importance of ensuring our children not only have access to food - clearly priority number 1 - but also that foods are nutritious. Poor nutrition is linked to chronic diseases, such as diabetes and heart disease. I am excited that the Biden Administration has identified this as a priority as well, most recently by their announcement that P-EBT will be extended throughout the summer. I ask the committee to provide the necessary funding to ensure kids have access to nutritious food during this difficult time. That should include supporting WIC, SNAP, TEFAP, and P-EBT.

Lastly, I ask that you fund school kitchen equipment grants at a level of at least \$60 million to enable schools to serve healthier, more nutritious meals by modernizing their kitchens and updating the essential equipment needed to prepare foods that our children will enjoy. I further request you include report language lowering the minimum limit for school equipment from \$5,000 to \$1,000 to allow schools the flexibility to procure equipment needed the most.

Since 2009, Congress has made funding available to schools for the purchase of updated school kitchen equipment through the USDA School Kitchen Equipment Grant program. This support is vital, as nearly 90% of schools need at least one piece of updated kitchen equipment and many school administrators lack the funds needed to make these investments. Many school kitchens were built decades ago and designed with little capacity beyond reheating and holding food for dining service. Without the right tools, school districts rely on expensive, unsustainable workarounds. This is especially important at a time when we are focusing on improving school nutrition and setting the stage for a lifetime of healthy eating. It doesn't matter how healthy foods are if our children won't eat them. Let's give our schools the tools they need to make healthy food taste great. I can think of no better way to support local educators, school food service, and students.

Thank you for your leadership during this process and for your consideration of the needs of my District.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kim Schrier".

Kim Schrier, M.D.  
Member of Congress

Mr. BISHOP. Thank you, Dr. Schrier. This is the second year in a row that your testimony has touched on such a wide variety of topics, so I appreciate your dedication and your passion for the programs in our bill. From supporting our rural communities and ag research facilities to ensuring our domestic nutrition programs are fully funded, I couldn't agree with you more in terms of your priorities, and we look forward to working with you to address these very serious issues. Thank you for appearing today. And without objection, your entire written testimony will be included in the record.

Ms. SCHRIER. Thank you, Mr. Chairman.

Mr. BISHOP. At this time, I am delighted to recognize the gentleman from Texas, Mr. Fallon.

Mr. Fallon, you are now recognized.

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TUESDAY, MAY 18, 2021.

**HON. PAT FALLON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. FALLON. Thank you, Mr. Chair. I appreciate it.

Chairman Bishop, Ranking Member Fortenberry, and members of the subcommittee, appreciate the opportunity to testify to discuss our pressing needs for our farmers, ranchers, and rural Americans.

The Fourth Congressional District is overwhelmingly rural, and I ask the committee to consider the following: the Circuit Rider Technical Assistance Program. As we all know, access to clean and safe water is a necessity. However, providing clean and safe water requires individuals who are able to train others in how to correctly assess clean—and access clean and safe water.

Texas-04 is home to 92 member water utilities which directly serves over 370,000 constituents in our district. That is approximately half the district. Circuit Riders provide hands-on training to nonprofit water supply corporations, water districts, and small cities on all aspects of clean water issues. They also assist utilities with evaluating alternate technical solutions and recommend operational improvements.

I am requesting the Appropriations Subcommittee on Agriculture provide funding increase for the USDA's Circuit Rider Program at 3 percent more than the \$20,157,000 appropriated in fiscal year 2021.

Providing this funding will maintain the 132 full-time Circuit Rider employees and will cover increased travel benefits and, of course, inflationary costs.

And rural broadband couldn't be more important for rural America. The COVID-19 pandemic brought heightened awareness to our need and dependence upon the internet. With schools and businesses closed, Americans became more dependent on the internet to educate our children, for virtual medical office visits, and to carry out banking activities, just to name a few.

We quickly realized that large swaths of America, and indeed in Texas-04 as well, lacked access to the internet. Many communities continue to lack internet service and meeting the FCC's minimum

speed standards for broadband, 25 megabits per second for downloads and 3 megabits per second for uploads.

In Texas-04, which includes Hunt, Camp, Fannin, Delta, and Rains counties, that has been a really big issue. It is estimated that 22 percent of Americans' rural areas lack access to these fixed speeds compared to only 1.5 percent of Americans in urban areas.

I am requesting, respectfully, that the Appropriations Subcommittee on Agriculture provide robust funding for the USDA's ReConnect Program, building off the \$635 million appropriated in fiscal year 2021.

Additionally, I am requesting, respectfully, \$350 million for the Rural Broadband Loan and Grant Program authorized by the Ag Improvement Act of 2018, the 2018 farm bill. Investing in these programs will provide a direction that will expand eligibility to areas that still lack basic broadband service while providing meaningful down payment in our rural communities and their economies at a time when it is most needed.

In America, it is about fairness, and our rural folks really need to—in the 21st century economy, they can't really compete or grow without rural broadband access.

Additionally, I respectfully request the committee include language urging rural utility services to expand reconnect eligibility to provide funding to areas without access to internet speeds that meet or exceed the 25/3 standard consistent with the 2018 farm bill.

These programs must promote broad participation in technical neutrality and transparency, et cetera.

I also would like to talk to you very quickly about the "Grass-roots" Source Water Protection Program. The ability to protect our groundwater and surface water from pollution is extremely important in providing America with clean and safe water.

There are 243 ground and surface water systems in the Texas Fourth District. Without source water protection specialists, we are not able to protect these ground and surface waters adequately. Investing in source water protection allows us to be proactive in prevention by reducing point and nonpoint source pollutants before they pollute our water.

These efforts are not only important in protecting the integrity of our water, but also extremely beneficial to our economy. The USDA, they estimate that soil erosion costs between \$2 billion and \$8 billion a year, and the EPA estimates that the public water system spent an additional \$200 million per year just to remove excess pollutants.

Therefore, I am requesting the Appropriations Subcommittee on Ag provide funding for the Farm Services Agency's Source Water Protection Program at the same levels appropriated in fiscal year 2021. Ensuring this funding and this program allows us to prevent source water pollution.

And then lastly, Rural Utilities Service's electric loans. Our country can't operate without electricity, as we know. Consumers-owned, not-for-profit electric cooperatives generate less than 5 percent of our Nation's electrical power but maintain 42 percent of the Nation's electric distribution lines and cover 56 percent of the overall mass.

These electric cooperatives use Rural Utilities Services to finance their operations, to provide services to 42 million folks. The electric loans have a stellar repayment record, and the loans made in fiscal year 2019 netted \$219 million to the U.S. Treasury.

I am requesting that the subcommittee fund the RUS program at the levels appropriated in 2021.

Mr. Chairman and committee, thank you so much for your time and consideration in these requests.

[The information follows:]



Rep. Pat Fallon, TX-04

Chairman Bishop, Ranking Member Fortenberry, and Members of the Subcommittee, thank you for the opportunity to be here today to discuss pressing needs for our farmers, ranchers, and rural Americans. My name is Pat Fallon and I have the distinct privilege of representing Texas's fourth congressional district.

I ask the committee to consider the following:

**Circuit Rider Technical Assistance Program**

Access to clean and safe water is a necessity for all Americans. However, providing clean and safe water requires individuals who are able to train others in how to correctly access clean and safe water.

Texas-04 is home to 92 member water utilities, which directly serves 376,197 constituents in our district. That is approximately 50% of our district. Circuit Riders provide hands-on training to non-profit water supply corporations, water districts and small cities on all aspects of operations, management, compliance, and rates. They also assist utilities with evaluating alternative technological solutions and recommend operational improvements. Circuit Riders support small systems impacted by natural disasters and other emergencies by bringing generators and equipment to help get these systems back up and running.

I am requesting the Appropriations Subcommittee on Agriculture provide a funding increase for the USDA's Circuit Rider program at 3% more than the \$20,157,000 appropriated in FY2021. Providing this funding will maintain the 132 full time Circuit Rider employees, and will cover increased travel, benefits, and other inflationary costs.

**Rural Broadband**

The COVID-19 pandemic brought heightened awareness to our need and dependence upon the internet. With schools and businesses closed, Americans became more dependent on the internet to educate our children, for virtual medical office visits, to carry out banking activities—to name a few. We quickly realized that large swaths of America and indeed in Texas-04, lacked access to the internet. Many communities continue to lack internet service meeting the FCC's minimum speed standard for broadband – 25 megabits per second for downloads and 3 megabits per second for uploads. In TX-04 that includes Hunt, Camp, Fannin, Delta, and Rains counties. It is estimated that 22% of Americans in rural areas lack access to these fixed terrestrial speeds, compared to only 1.5% of Americans in urban areas.

I am requesting the Appropriations Subcommittee on Agriculture provide robust funding for the USDA's ReConnect program building off the \$635 million appropriated in FY2021. Additionally, I request \$350 million for the rural broadband loan and grant program authorized by the Agriculture Improvement Act of 2018 (the 2018 Farm Bill). Investing in these programs and providing direction that will expand eligibility to areas that still lack basic broadband service, will provide a meaningful down-payment in our rural communities and their economies at a time when it is most needed.

Additionally, I respectfully request the Committee include language urging the Rural Utility Service (RUS) to expand ReConnect eligibility to provide funding to areas without access to internet speeds that meet or exceeds the 25/3 Mbps standard consistent with the 2018 Farm Bill. These programs must promote broad participation, technological neutrality, and transparency, to ultimately improve service, connect communities, and enhance accountability

for the funding. Further, the Rural Utilities Service (RUS) at USDA should be directed to expeditiously disburse such funds once grants and loans are awarded.

**Grassroots Source Water Protection Program**

The ability to protect our ground and surface water from pollution is extremely important in providing America with safe and clean water. There are 243 ground and surface water systems in Texas-04. Without source water protection specialists, we are not able to protect our ground and surface water. Investing in source water protection allows us to be proactive in prevention, by reducing point and nonpoint source pollutants before they pollute our water. These efforts are not only important in protecting the integrity of our water, but also extremely beneficial to our economy. The USDA estimates that soil erosion costs between \$2 billion to \$8 billion a year, and the EPA estimates that public water systems spent an additional \$200 million per year just to remove excess pollutants. By implementing this program, we are able to save time and money by proactively protecting our water sources.

Therefore, I am requesting the Appropriations Subcommittee on Agriculture provide funding for the Farm Service Agency's Source Water Protection program, at the same level as appropriated in FY2021. Ensuring funding in this program allows us to prevent source water pollution, which provides Americans with safe and clean water, while saving them the cost of purifying polluted water.

**Rural Utilities Services (RUS) Electric Loans**

Our country cannot operate without electricity. Consumer-owned, not-for-profit electric cooperatives generate less than five percent of the nation's electric power, but maintain 42 percent of the nation's electric distribution lines, and cover 56 percent of the country's land

mass. These electric cooperatives use Rural Utilities Services (RUS) Electric Loans to finance their operations to provide electric service to around 42 million people a day. The RUS Electric Loans have a stellar repayment record, and the loans made in FY2019 netted \$219 million to the U.S. Treasury.

I am requesting the Appropriations Subcommittee on Agriculture provide funding for the Rural Utilities Services (RUS) Electric Loans program, at the same level as appropriated in FY2021. The RUS Electric Loans allow these electric cooperatives to distribute affordable and reliable electricity to those they serve.

Thank you for your time and consideration of these requests.

Mr. BISHOP. Mr. Fortenberry.

Mr. FORTENBERRY. Only, Mr. Chairman, thank you. Thank you, Representative Fallon, for your thoughtful comments.

Let me pick up on two things. Look, clean and safe drinking water, as well as wastewater treatment, are critical parts of rural development. If someone turns the faucet on and it is running brown or causes a health problem, this is essential to community well-being.

So thank you so much for highlighting the importance of these particular programs and how essential they are to our rural communities. I appreciate it.

I yield back, Mr. Chairman. Thank you.

Mr. BISHOP. Thank you very much.

Thank you, Mr. Fallon. And without objection, your entire written testimony will be included in the record. The subcommittee couldn't agree more about the topics that you discussed, so we look forward to working with you.

Mr. FALLON. Thank you, Mr. Chairman.

Mr. BISHOP. At this time, I am delighted to represent—to recognize, rather, the gentlelady from Texas, Ms. Escobar.

You are now recognized, Ms. Escobar, for 5 minutes.

TUESDAY, MAY 18, 2021.

**HON. VERONICA ESCOBAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Ms. ESCOBAR. Thank you so much, Chairman Bishop and Ranking Member Fortenberry, for this chance to discuss priorities I have before the Agriculture Subcommittee.

This year's Community Project Funding process was such a wonderful opportunity to engage with El Pasoans, people who are on the ground and know the needs of our region best. I am so proud to have submitted one of these projects to your subcommittee for consideration.

As you are all aware, the pandemic has shown us just how important broadband access is, especially for remote learning. However, there are communities across the country that simply lack the resources and funding needed to expand their broadband capabilities. The pandemic exacerbated the digital divide. It has harmed our students, especially the most vulnerable and marginalized communities, and now we must do what we can to ensure that these very communities have the broadband access they need to prosper for the duration of the pandemic, as well as after it is long over.

That is why I have submitted the Cotton Valley Connect project for consideration under the ReConnect Grant account. This project would assist the students and families of the Fabens and Tornillo Independent School Districts by providing them with public broadband access via a wireless mesh service.

These two school districts serve some of the most economically disadvantaged communities and census tracts in El Paso County and in Texas, and expanding broadband access in these areas would positively impact the lives of over 3,000 students.

Giving these students the ability to access learning resources from their own homes will have several practical effects, like allow-

ing them to conduct research for homework or prepare for a class presentation. There will also be a broader effect of developing these students so they can graduate high school and contribute to the economic success of our region.

While the location of this project is just outside my district, these students and their families are linked to the Paso del Norte region, and providing them with the means to thrive will ultimately help all of El Paso County.

Finally, I would like to emphasize with this subcommittee, as I have with other Appropriations subcommittees that I have testified in front of, that it is essential that you include mechanisms within your bill to guarantee that Federal funding will make it to its designated recipient. This is especially important for items like Community Project Funds, which are designated for local governments and other entities.

As you may know, for months, my governor, Texas Governor Greg Abbott, held critical COVID-relief funds hostage. This means entities like schools were unable to properly spend relief funds on COVID safety measures or were unable to reimburse themselves. While Governor Abbott recently released some of these funds, he is also holding up Federal funds to help local governments with migrants arriving at our Nation's front door. I urge the subcommittee to take this into consideration while you are drafting your final bill.

Thank you so much for the opportunity to testify before you today, and I look forward to collaborating with the subcommittee as you continue to draft the final appropriations bill.

I yield back.

[The information follows:]

**Rep. Escobar, Agriculture, Rural Development, Food and Drug  
Administration and Related Agencies Testimony**

Thank you, Chairman Bishop and Ranking Member Fortenberry for this chance to discuss priorities I have before the Agriculture subcommittee.

This year's community project funding process was a great opportunity to engage with El Pasoans who are on the ground and know the needs of our region best. I am proud to have submitted one of these projects to your subcommittee for consideration.

As you are all well aware, the pandemic has shown us just how important broadband access is, especially for remote learning. However, there are communities across the country that simply lack the resources and funding needed to expand their broadband capabilities. The pandemic exacerbated the digital divide and now we must do what we can to ensure these communities have the broadband access they need to prosper for the duration of the pandemic as well as after it is over.

That is why I have submitted the Cotton Valley Connect project for consideration under the Reconnect Grant account. This project would assist the students and families of the Fabens and Tornillo Independent School Districts by providing them with public broadband access via a wireless mesh service. These two school districts serve some of the most economically disadvantaged communities and census tracts in El Paso County, and expanding broadband access in these areas would positively impact the lives of over three thousand students. Giving these students the ability to access learning resources from their own homes will have several practical effects like allowing them to conduct research for homework or prepare for a class presentation. There will also be a broader effect of developing these students so they can graduate high school and contribute to the economic success of our region. While the location of this project is just outside my district, these students and their families are linked to the Paso del Norte region and providing them with the means to thrive will ultimately help all of El Paso County.



Finally, I would like to emphasize with this subcommittee, as I have with other appropriations subcommittees I have testified in front of, that it is essential you include mechanisms within your bill to guarantee federal funding will make it to its designated recipient. This is especially important for items like community project funds which are designated for local governments and other entities. As you may know, for months Texas Governor Greg Abbott held critical COVID relief funds hostage. This means entities like schools have been unable to properly spend relief funds on COVID safety measures or were unable to reimburse themselves. While Governor Abbott recently released some of these funds, it is clear strong language needs to be put in place to prevent something like this from happening again. I urge the subcommittee to take this into consideration while you are drafting the final bill.

Thank you for the opportunity to testify before you today and I look forward to collaborating with the subcommittee as you continue to draft the final appropriations bill.

Mr. BISHOP. Thank you very much, Ms. Escobar. I understand all too well the challenges that communities without adequate broadband face, and our staff is diligently working to vet all of the requests. And it is our hope to fund as many Community Project Funding requests as we can possibly do it.

Mr. Fortenberry, any comments?

Mr. FORTENBERRY. Yes, just briefly, Mr. Chairman. Thank you.

Representative Escobar, thank you for your comments. We appreciate your insights. And as you have probably listened to the hearing, you have noted most other Members have also highlighted the broadband issue.

We have got a huge opportunity to embrace this digital leap and to make sure that the funds available are pointed and meet their intended recipients' goals. And this is what I call an ecosystem of livability. It is just not about wires laid. It is about the meaning of the broadband and the digital leap so that we have the opportunities for telework and distance learning and telehealth, as well as precision agriculture and small business e-commerce all readily available to rural communities.

I know you are recognizing that as well as many other Members. So thank you very much for your comments.

Ms. ESCOBAR. Thank you both.

Mr. BISHOP. Thank you, Ms. Escobar, for coming. And without objection, your entire written testimony will be included in the record.

At this time, I am delighted to recognize the gentleman from New Jersey, Mr. Van Drew.

Mr. Van Drew, you are now recognized.

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TUESDAY, MAY 18, 2021.

**HON. JEFFERSON VAN DREW, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF NEW JERSEY**

Mr. VAN DREW. Hello, Chairman Bishop and Ranking Member Fortenberry. Thank you for giving me the opportunity to testify before the Appropriations Agricultural Subcommittee today. I am here to request \$3.75 million in the Community Project Funding towards Salem County Courthouse located in Salem City, New Jersey.

This project is eligible and deserving of Community Project Funding through the USDA Community Facilities account. It has received a letter of eligibility from the New Jersey USDA Office of Rural Development and Community Facilities, as well as letters of support from many local officials. Further, the guidance issued by this subcommittee explicitly references courthouse as an eligible category.

Salem County is the seat—and the county seat of Salem City, in which the county courthouse is located, is a low-income, low-population, rural, and majority minority community. The county has found itself in an increasingly difficult financial situation over the past decade. Between 2010 and 2015, Salem County lost \$530 million in rateables, which is a lot of money in south Jersey. In 2016, it lost another \$126 million in rateables.

Salem County and Salem City have suffered population loss, divestment, and natural disasters that have significantly impacted the community's finances. As the county commissioner director states in his letter, Salem City is our poorest city in New Jersey's poorest county.

The current courthouse infrastructure is insufficient to meet the demands that have expanded threefold over recent decades. The planned improvements expand their facility by nearly 100,000 square feet, and address issues including failure to comply with handicapped accessibility, lack of ballistic glass in windows, lack of sufficient camera coverage on the premises, lack of duress alarms, lack of proper screening areas, lack of secure and separate parking areas for our judges.

The current state of the courthouse presents a public safety issue for the entire community. The State of New Jersey has mandated that Salem County is required to modernize the courthouse and is responsible for the capital costs incurred in constructing, expanding, and renovating the courthouse facilities.

Salem County not only supports the Community Project Funding submission, the community needs to survive this obligation being forced upon the county.

The Salem County Courthouse project which is, in sum, will amount to an obligation of \$38 million, is yet another liability against the county's finances.

The county has already obligated \$30 million through debt financing, which is a tremendous burden for an underprivileged county such as this. The money will serve as a match against the requested Community Project Funding relief.

It is crucial that the committee provide the requested Community Facility Funding for this project so the most disadvantaged county in New Jersey receives a lifeline that it so desperately needs.

This project is eligible and deserving of Community Project Funding of the requested \$3.75 million. The USDA Community Facilities program exists to support projects exactly like this one. South Jersey needs this. South Jersey needs it very much, and Salem County needs this and needs it very much. And Salem City needs this funding which will keep our communities safer and the scales of justice moving as they were intended to, with safety.

I urge you to include this funding in this year's appropriation. And just remind you to please remember what the commissioner director said: Salem City is the poorest city in New Jersey's poorest county.

Thank you for your time, Ranking Member Fortenberry and Chairman Bishop. And I yield back.

[The information follows:]

## Rep. Jeff Van Drew (NJ-02) – AG Subcommittee Testimony

Hello Chairman Bishop and Ranking Member Fortenberry, thank you for giving me the opportunity to testify before the Appropriations Agriculture subcommittee today.

I am here to request \$3.75 million in community project funding towards the Salem County Courthouse located in Salem City, New Jersey.

This project is eligible and deserving of Community Project Funding through the USDA Community Facilities Account. It has received a letter of eligibility from the NJ USDA office of Rural Development and Community Facilities, as well as letters of support from local officials. Further, the guidance issued by this subcommittee explicitly references courthouses as an eligible category.

Salem County, and the county seat of Salem City in which the County Courthouse is located is a low-income, low-population, rural, and majority minority community. The County has found itself in an increasingly difficult financial situation over the past decade. Between 2010 and 2015, Salem County lost \$530 million in ratables. In 2016, it lost another \$126 million. Salem County and Salem City have suffered from population loss, disinvestment, and natural disasters that have significantly impacted the communities' finances. As the County Commissioner Director states in his letter of support of this project, Salem City is "our poorest city in New Jersey's poorest county."

The current Courthouse infrastructure is insufficient to meet demand that has expanded three-fold over recent decades. The planned improvements expand their facilities by nearly 100,000 square feet and address issues including:

- Failure to comply with handicap accessibility.

- Lack of ballistic glass in windows.
- Lack of sufficient camera coverage on the premises.
- Lack of duress alarms.
- Lack of proper screening areas.
- Lack of a secure and separate parking area for Judges.

The current state of the courthouse presents a public safety issue for the entire community.

The State of New Jersey has mandated that Salem County is required to modernize the courthouse and is responsible for the capital costs incurred in constructing, expanding, and renovating the court facilities. Salem County not only supports this Community Project Funding submission, the community needs it to survive this obligation being forced upon the County.

The Salem County Courthouse project, which in sum will amount to an obligation of \$38 million, is yet another liability against the county's finances. The County has already obligated \$30 million through debt-financing, a tremendous burden for such an underprivileged community. This money will serve as a match against the requested Community Project Funding relief. It is crucial that the committee provide the requested Community Facility Funding to this project, so the most disadvantaged county in New Jersey receives a lifeline that it so desperately needs.

This project is eligible and deserving of Community Project Funding of the requested \$3.75 million. The USDA Community Facilities Program exists to support projects exactly like this one. South Jersey needs this, Salem County needs this, and Salem City needs this funding which will keep our community safer and the scales of justice moving as they were intended to. I urge you to include this funding in this year's appropriations bill.

Thank you for your time Ranking Member Fortenberry and Chairman Bishop.

Mr. BISHOP. Thank you very much, Mr. Van Drew. Courthouses are an important symbol for the communities that they serve, and I look forward to working with you. Our staff is diligently working to vet all of the requests, and it is our hope to fund as many Community Project Funding requests as we possibly can.

Mr. Fortenberry, any comments from you?

Mr. FORTENBERRY. Only to thank you, Mr. Van Drew. The Community Facilities Program is very important.

Mr. Chairman, if you could indulge me for just a moment, maybe I could give Mr. Van Drew just 15 more seconds to describe the circumstances in which the county courthouse exists; in other words, the environment there that creates the larger justification for the request.

Mr. VAN DREW. Thank you. Thank you, Ranking Member.

First of all, this is an area in total, in general, as I had mentioned, is quite poor, the surrounding area. It is an area where there has been certainly significant increases in some areas in crime.

The courthouse itself—I mean, imagine in today's time lacking handicapped accessibility. Imagine not having ballistic glass in the windows, not having the proper amount of camera coverage, the lack of duress alarms, the lack of proper screening areas, the lack of even a secure area, you know, is unbelievable.

And more than anything else, remember that there only used to be one judge there. Now there are three judges. So we have insufficient circumstances, insufficient surroundings, and even more stress on the area. I think we really owe to—as I am going to repeat for hopefully the last time, but, you know, the poorest county has the poorest town in the State of New Jersey, and that is saying something. They really truly need—if we are going to base this on need, certainly it is a worthy project.

Mr. FORTENBERRY. Great. Thank you, Representative Van Drew. Thank you, Mr. Chairman.

Mr. BISHOP. Thank you very much, Mr. Van Drew. Without objection, your entire written testimony will be included in the record.

At this time, I am delighted to recognize the gentlelady from Texas, Ms. Sheila Jackson Lee.

Ms. Lee, you are now recognized.

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TUESDAY, MAY 18, 2021.

**HON. SHEILA JACKSON LEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Ms. JACKSON LEE. Mr. Chairman, thank you so very much, for allowing me to be here this morning. And, Mr. Fortenberry, thank you so very much for your leadership.

I am going to quickly go through some of the important elements of your Appropriations Committee, which is very important because it reinforces the breadbasket status of America.

And as evidenced during the pandemic, I can assure you that in my district, besides, in the early days, a test to determine whether you were COVID-19 positive, I can assure you that it was the food, the food distribution, over and over and over again, in food deserts,

in nonfood deserts, where people were both demanding and desperate for food.

So I understand that my entire statement will be made part of the record, so I will keep my remarks succinct by just calling out the names of the programs that I support. My statement will be in the record.

SNAP program helping 47 million Americans. I support funding at the highest level for Supplemental Nutrition Assistance Program. During Hurricane Harvey, we were able to get the Supplemental Nutrition Program under the disaster extension and—when it was cut off, and it was represented by local officials that people didn't need it. And over, I think, a 1- or 2-day period, when we got the extension, we served 32,000 people.

People need food, and they need it particularly when we are in the midst of a disaster.

I support full funding for Special Supplemental Nutrition Program, which is the WIC Program, which offers both nutrition education, referral services. I support \$330 million for the Emergency Food Assistance Program. I support the \$65 million for the USDA Summer Electronic Benefits Transfer for Children.

I support the \$39 million for grants under section 105 of the Healthy and Hunger-Free Kids. I think it is clear that many children only get good healthy food at school. This will help schools reduce hunger among low-income students and boost education health outcomes.

I have schools in my district that the only food that these children receive is what they receive at school, which is why the pandemic was so devastating and why the summer school program is so desperately needed.

I support \$22 million for the Senior Farmers' Market Nutrition Program. We are establishing farmers markets throughout my district.

I support \$240 million for Commodities Supplemental Food Program. I support \$100 million for the TEFAP storage and distribution, which will help food banks and emergency feeding agencies.

Our food bank is one the largest in the Nation, the Houston Food Bank, and it has served millions of people. It provides the anchor for food throughout the State of Texas.

I support \$38 million for the Pollinator Focuses Research. The significant decline in pollinated populations, most notably that of commercial honey bees, is a national concern. Pollinators are vital to our Nation's economy and ecosystem, contributing nearly \$15 billion to the economy.

I support \$62 million for the Evans-Allen program; support \$30 million for the Healthy Food Financing; and in protection, I support \$6.5 million for the National Veterinary Medical Services.

Everybody might have seen India the tiger. Well, we know there is more work to be done. She is now safe. I support robust funding for horse protection. \$30 million for the Animal Welfare Act.

And I am very, very strong, as I conclude, on rural development. My district is sort of a rural-urban, urban-rural. And we have been able to help some small cities in my community actually get an ambulance—get commodity—get cameras for their police officers. So it is very important.

I support \$335 million for Commodity Futures Trading, \$55 million for Hispanic-serving agricultural colleges. I support \$17.9 million for the USDA Circuit Rider.

And if I might, I probably, as I see the time, just quickly, it is in my statement, but I would like to have report language, because the committee is cognizant of the vulnerabilities in safety and security of persons, property, and interests working and located in the U.S. Capitol and its environment.

And so I would like to ensure that there is report language regarding the Secretary should take—including undertaking immediate review of a clearance—security clearance holders reported to have engaged in violent acts against individuals, property, or public spaces based on the security clearance holder's association, or sympathy with persons or organizations that advocate, threaten, or use force or violence or any other illegal or unconstitutional means in an effort to prevent others from exercising their rights under the Constitution or laws of the United States or any State based on the factors, including, at a minimum, race, religion, national origin, or disability.

Thank you so very much for allowing me to be here. And the conclusion or the totality of my statement will be included in the record. Thank you very much, Mr. Chairman, for your indulgence, your patience. Thank you so very much.

[The information follows:]



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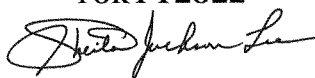
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**House of Representatives**  
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CONSTITUTION, CIVIL RIGHTS, AND CIVIL LIBERTIES  
HOMELAND SECURITY  
SUBCOMMITTEES:  
CHIEF,  
TRANSPORTATION SECURITY AND INFRASTRUCTURE  
PROTECTION  
BORDER, MARITIME, AND GLOBAL COUNTERTERRORISM  
FOREIGN AFFAIRS  
SUBCOMMITTEES:  
AFRICA AND GLOBAL HEALTH  
MIDDLE EAST AND SOUTH ASIA  
TERRORISM, NUCLEAR Proliferation, AND TRADE  
Democracy  
DEMOCRATIC CAUCUS

**CONGRESSWOMAN SHEILA JACKSON LEE (TX-18)**

**STATEMENT BEFORE THE  
COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEE ON AGRICULTURE,  
RURAL DEVELOPMENT, FOOD AND DRUG,  
AND RELATED AGENCIES**

**MEMBER DAY HEARING ON  
AGRICULTURE, RURAL DEVELOPMENT, FOOD AND  
DRUG, AND RELATED AGENCIES APPROPRIATIONS ACT  
FOR FY2022**



**TUESDAY, MAY 18, 2021**

**2362-A RAYBURN**

**10:00 A.M.**

*SJL scheduled to testify at \_\_\_\_:\_\_\_\_ .m.*

*Chairman Bishop, Ranking Member Fortenberry and distinguished  
Members of the Subcommittee:*

- As the Chair of the Judiciary Subcommittee on Crime, Terrorism, and Homeland Security, let me offer my appreciation and thanks to Chairman Bishop and Ranking Member Fortenberry for the difficult work and choices that must be made to produce a truly

bipartisan Agriculture spending bill, and for their commitment to producing a bill that fairly reflects the interests and priorities of the American people.

- Mr. Chairman, I understand that my entire statement will be made part of the record so I will keep my remarks brief.
- In the few minutes allotted I wish to highlight the food security, animal protection, and rural development programs which warrant the Committee's continuing attention and support.

#### **FOOD SECURITY**

##### **I support funding at the highest level for Supplemental Nutrition Assistance Program.**

I support the Supplemental Nutrition Assistance Program (SNAP) and other programs that reduce hunger and help families meet their needs. SNAP is the cornerstone of the Nation's nutrition assistance safety net, touching the lives of 47 million Americans, the majority of whom are children, the elderly, or people with disabilities.

##### **I support full funding for Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

WIC offers nutrition, education, and referral services to low-income pregnant and postpartum women, their infants, and children up to age 5.

##### **I support \$330 million for Emergency Food Assistance Program**

The Emergency Food Assistance Program (TEFAP) provides nutritious, American-grown commodities at no cost to low-income Americans in need of short-term hunger relief through organizations like food banks and pantries.

##### **I Support \$65 million for USDA Summer Electronic Benefits Transfer for Children (SEBTC)**

Created in 2011, the SEBTC pilot program provides food assistance to eligible low-income children through an EBT card. The initial success can be seen in Connecticut, Delaware, Michigan, Missouri,

Nevada, Oregon, Texas, Washington, Cherokee Nation, and Chickasaw Nation, where SEBTC has successfully improved food security and nutritional access for low-income children.

**I Support \$39 million for grants under Section 105 of the Healthy and Hunger Free Kids Act of 2010**

This funding will help schools reduce hunger among low-income students and boost education and health outcomes. These funds will enable schools to choose the best options and practices that they believe will work to increase the number of children who start the day with a healthy breakfast.

**I support \$22 million for Senior Farmers' Market Nutrition Program.**

This program awards grants to states, territories, and federally-recognized Indian tribal governments to provide low-income seniors with coupons that can be exchanged for eligible foods at farmers' markets, roadside stands, and community supported agriculture programs.

**I support \$245 million for Commodity Supplemental Food Program**

The Commodity Supplemental Food Program provides 619,000 nutritious food packages each month in 47 states, the District of Columbia, and two Indian Tribal Organizations.

**I support \$100 million for TEFAP Storage and Distribution**

TEFAP Storage and Distribution funding will help food banks and emergency feeding agencies with rising costs of storing, transporting, and distributing foods to needy.

**I support \$38 million for Pollinator Focuses Research**

The significant decline in pollinator populations, most notably that of commercial honeybees, is a national concern. Pollinators are vital to our nation's economy and ecosystem, contributing nearly \$15 billion to the nation's economy and supporting one out of every three bites of food we eat.

**I Support \$62 million for the Evan Allens Program**

The Evan-Allen program support the training of both undergraduate and graduate students in the food and agricultural sciences and 51.6% of all degrees awarded to African Americans in agriculture. Research has helped increase the nutritional values of crops, investigated causes of obesity, developed new energy systems, and increased food safety.

**I support \$30 million for Healthy Food Financing Initiative (HFFI)**

The HFFI is a public-private partnership that combats America's obesity epidemic by providing access to affordable, healthy, fresh food options. It also provides loan and grant financing to attract grocery stores and other fresh food retailers to underserved urban, suburban, and rural areas, and renovate and expand existing stores so they can provide the healthy foods communities want and need.

**ANIMAL PROTECTION**

**I support \$6.5 million for National Veterinary Medical Services Act**

I request \$6.5 million to address the critical maldistribution of veterinarians practicing in rural and inner-city areas, as well as in government positions at FSIS and APHIS, by repaying veterinary student debt for those who choose to practice in these underserved areas, as identified by the Secretary of Agriculture.

**I support robust funding for Horse Protection Act (HPA) Enforcement**

This funding will remedy serious shortfalls in Animal Care Division account and enforce existing law to stop soring of show horses by providing for inspectors, training, security (to address threats of violence against inspectors), and advanced detection equipment.

**I support \$30 million for the Animal Welfare Act Enforcement.**

There is an urgent need to adequately fund the Animal Care division to improve its inspections of approximately 10,399 sites, including

commercial breeding facilities, laboratories, zoos, circuses, and airlines, to ensure compliance with AWA standards.

#### **RURAL DEVELOPMENT**

##### **I support \$335 million for Commodity Futures Trading Commission.**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) expanded the CFTC's regulatory and oversight authority to cover approximately 90 percent of the U.S. derivatives market, trillions of dollars of trading formerly done in the dark. Fully funding this agency is crucial to ensure that the CFTC can implement Dodd-Frank's derivatives reforms and protect consumers from spikes in commodity prices caused by Wall Street speculators.

##### **I support \$55 million for Hispanic-Serving Agricultural Colleges and Universities (HSACU)**

The 2008 Farm Bill included a new federal designation, Hispanic-Serving Agricultural Colleges and Universities (HSACUs), for HSIs offering degree programs in agriculture and related areas. USDA's Title VII – Hispanic-Serving Institutions Grants Program offers HSIs the ability to carry out education, applied research, and related community development programs. HSIs play a crucial role in addressing this education gap, enrolling 57 percent of Hispanic college students and 18 percent of all students in non-profit postsecondary institutions.

##### **I support \$17.9 million for the USDA Circuit rider program**

The USDA circuit rider program provides the primary support for small communities to operate safe and clean drinking water supplies, and helps to ensure compliance with current water regulations. It is one of the most successful private-public partnerships that the USDA operates with appropriated funds to provide much needed technical expertise and training to rural communities.

#### **REQUESTED REPORT LANGUAGE:**

- Finally, Mr. Chairman, I would request the Committee to include the following language in the report:

**Anti-White Nationalist Domestic Terrorism Actions**

“The Committee is cognizant of the vulnerabilities to the safety and security of persons, property, and interests working or located in the U.S. Capitol and its environs.

“The insurrection that occurred on January 6, 2021, when an incited mob of domestic terrorists, white nationalists and supremacists laid siege to the Capitol Building in order to disrupt a constitutionally mandated duty of the Congress is a dark stain on the nation’s history, and exacerbated by the fact that a large number of the marauders had previously taken oaths – as law enforcement officers, as members of the military, and as civil servants and contractors - to uphold and defend the Constitution, and to do so with true faith and allegiance.

“The U.S. Intelligence Community has assessed that domestic terrorism, particularly white supremacy and white nationalist organizations, is the greatest and most imminent threat to our nation and democratic form of government. The Committee applauds the service and sacrifice of the men and women who serve the American people in the civilian and military sectors of government.

“The Committee, however, cautions and directs the Secretary to exercise vigilance and take decisive action to identify, isolate, and remove from service individuals whose actions of January 6, 2021 at the U.S. Capitol or whose connections, actions, or affiliations with white nationalist organizations pose a threat to the security of the United States.

“Actions the Secretary should take include undertaking an immediate review of a clearance when a security clearance holder is reported to have engaged in violent acts against individuals, property, or public spaces based on the security clearance holder’s association or sympathy with persons or organizations that advocate, threaten, or use force or violence, or any other illegal or unconstitutional means, in an effort to prevent others from exercising their rights under the Constitution or laws of the United States or of any State, based on factors including, at a minimum, race, religion, national origin, or disability.”

**CONCLUSION**

Mr. Chairman, I thank you and the Ranking Member for your leadership and for extending me this opportunity to share my major priorities with the Subcommittee.

Mr. BISHOP. Thank you, Ms. Jackson Lee. We appreciate your strong interest and support for a wide variety of programs under our committee's jurisdiction, from nutrition programs to animal protection and welfare, to expanding our rural development. We look forward to working with you to continue the conversation and to ensure that these programs have the resources that they need to succeed.

Mr. Fortenberry, any questions or comments from you?

Mr. FORTENBERRY. Yes. Only to thank our colleague, Ms. Jackson Lee, for her ongoing passion around, to use your words, good, healthy food. I really appreciate that.

I also want to highlight one thing that you mentioned, and it surprised me a little bit, pollinator research. My wife has kept bees, and we all know that this hidden benefit of this small insect is invaluable to our Nation's environmental well-being, as well as crop production. So thank you very much for highlighting that.

I yield back, Mr. Chairman.

Ms. JACKSON LEE. I thank you.

Mr. BISHOP. Thank you, again, Ms. Lee, for coming. And without objection, your entire written testimony will be included in the record.

Ms. JACKSON LEE. Mr. Chairman, if I might, as I close, we would love the Agriculture Committee to give us instructions on how to deal with this 17-year invasion that is coming that most of us don't understand. I am sure you are aware of this beetle bug that is coming, I understand, out soon. So we hope we get some relief from that.

Mr. BISHOP. We look forward to discussing that with you, and we certainly will be on top of it.

Ms. JACKSON LEE. Thank you. Take care.

Mr. BISHOP. Thank you.

At this time, I am delighted to recognize the gentlelady from New York, Ms. Tenney.

Ms. Tenney, you are now recognized.

TUESDAY, MAY 18, 2021.

**HON. CLAUDIA TENNEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK**

Ms. TENNEY. Thank you.

I want to thank the chairman and Ranking Member Fortenberry and the distinguished members of the subcommittee for giving Members the opportunity to share their priorities with you today. This is a really important issue that I am going to bring up.

I am also honored to represent New York's 22nd Congressional District, which is largely rural, stretching from Lake Ontario in the north, all the way to the Pennsylvania border in the south.

Over the past decade, as our economy has rapidly gone digital, communities like mine have been left behind. One of the largest issues my constituents face is the lack of reliable, affordable access to the internet.

In today's world, your internet connection can determine your destiny. It shapes your access to education, healthcare, employment, and employment opportunities. The COVID-19 pandemic

has only driven this point home. Education, work, and healthcare is all online. Those who lack the bandwidth lack the access.

To make matters even worse, upstate New York is subject to a broadband monopoly. Sadly, New York State political officials agreed to a cable consolidation plan under an agreement with Spectrum Communications, which they claimed would expand and improve service. However, the State and the New York Public Service Commission have absolutely failed to enforce this agreement to expand into rural communities like mine. This has left too many rural customers in my district with nonexistent broadband service or service that is far too expensive or far too weak to have effective communication.

This is the reason I support a community funded project that was presented to me by the Village of Sherburne in New York. This project would greatly expand high-quality internet to residents, providing larger bandwidths to a local school and a healthcare facility in the district, as well as allowing businesses and residents to access significantly faster service. This is going to open my community to greater opportunity.

In addition, the new network will allow customers to access multiple internet service providers, giving them greater options at lower costs, and our seniors are very excited about this.

As you move forward with the USDA's ReConnect Program, it is essential that we continue our support for these types of projects while also making reforms to ensure the program is meeting with the changing needs of communities.

To this extent, I encourage this subcommittee to review the definition of minimum internet service and determine if the definition still meets current needs. In the last decade, technology has transformed and current scheduled increase of the minimum download speed to 25 megabits per second simply is not high enough to meet the demands of many communities. In fact, most of my community is at less than 10 megabits per second.

Higher standards for schools, healthcare facilities, and libraries are also essential. Imagine your child not being able to stream an educational video, or your doctor not having enough internet service or accessibility to adequately research a condition or to provide telehealth services to so many of our seniors.

It is also important that new expansions are able to host multiple internet service providers so rural customers are given real choice to participate in a robust market and not locked into an expensive monopoly, like many of the residents in my district.

Transparency and accountability were two critical factors that drove my support of this project. I am committed to ensuring my Federal funding brought back to our region is spent transparently and responsibly. As with any Federal program, Community Project Funds must adhere to the highest standards, and I will hold my community beneficiaries accountable.

This project I am supporting today was rigorously reviewed, included extensive consultations with a variety of stakeholders. It has strong buy-in from my community, as well as clearly demonstrated benefit to my district.

As many of you likely know, New York State taxpayers pay more to the Federal Treasury than the State receives in return. I will al-



ways advocate on behalf of my community and fight to return tax dollars to New York.

Thank you, again, Mr. Chairman and the subcommittee ranker, for giving us this opportunity to present our requests. Thank you, and I will take any questions if any. I yield back.

[The information follows:]

*The Honorable Claudia Tenney (NY-22)*

**Member Testimony before the House Agriculture, Rural Development, Food and Drug  
Administration, and Related Agencies Appropriations Subcommittee**

I would like to thank Chairman Bishop, Ranking Member Fortenberry and the distinguished members of this Subcommittee for giving Members the opportunity to share their priorities with you today.

I am honored to represent New York's 22<sup>nd</sup> Congressional District, which is a largely rural district stretching from Lake Ontario in the North to the Pennsylvania border in the South. Over the last decade as our economy has rapidly gone digital, communities like mine have been left behind. One of the largest issues my constituents face is the lack of reliable, affordable internet access.

In today's world, your internet connection can determine your destiny. It shapes your access to education, healthcare, and employment opportunities. The COVID-19 pandemic has only driven this point home. Education, work, and healthcare is all online. Those who lack the bandwidth, lack the access.

To make matters even worse, Upstate New York is subject to a broadband monopoly. New York State agreed to a cable consolidation plan under an agreement with Spectrum, which they claimed would expand and improve service.

However, the State and New York Public Service Commission have absolutely failed to enforce the agreement. This has left too many rural customers in my district with nonexistent broadband service, or service that is far too expensive.

This is the reason I support a community funding project in the Village of Sherburne, New York. This project would greatly expand high quality internet to residents, providing larger bandwidths to a local school and healthcare facility in my district as well as allowing businesses and residents to access significantly faster service. This is going to open my community to greater opportunity. In addition, the new network will allow local customers to access multiple Internet Service Providers, giving them greater options at lower costs.

As we move forward with the USDA's ReConnect program, it is essential that we continue to support these types of projects while also making reforms to ensure the program is meeting the changing needs of communities. To this extent, I encourage this Subcommittee to review the definition of minimum internet service and determine if the definition still meets current needs. In the last decade, technology has transformed and current scheduled increase of the minimum download speed to 25 megabits per second simply is not high enough to meet the demands of many communities.

Higher standards for schools, healthcare facilities, and libraries are a must. Imagine your child not being able to stream an educational video or your doctor not having enough internet to adequately research a condition? It is also important that new expansions be able to host multiple

Internet Service Providers, so rural customers are given real choice to participate in a robust market, and not locked into an expensive monopoly like residents in my district.

Transparency and accountability were two critical factors that drove my support of this project. I am committed to ensuring any federal funding brought back to our region is spent transparently and responsibly. As with any federal program, Community Project Funds must adhere to the highest standards and I will hold community beneficiaries accountable. This project I am supporting today was rigorously reviewed, including extensive consultations with a variety of stakeholders. It has strong buy-in from the community as well as a clearly demonstrated benefit to my district.

As many of you likely know, New York State taxpayers pay more to the federal government than they get back in return. I will always advocate on behalf of my community and fight to return tax dollars to New York. Thank you again for the opportunity to testify before you today.

Mr. BISHOP. Thank you very much, Ms. Tenney. Thank you for your testimony. We understand the challenges that communities without adequate broadband face. Our staff is diligently working to vet all of the requests, and it is our hope to be able to fund as many Community Project Funding requests as we possibly can.

Mr. Fortenberry.

Mr. FORTENBERRY. Yes, thank you, Mr. Chairman.

Ms. Tenney, I want to pick up on what you said about, I think the town is called Sherburne, New York. Working with Chairman Bishop, we created a new program over the last 2 years called the Rural Placemaking Innovation Challenge. And I would like to point you and that community in that direction.

I commend you for bringing up this idea of what we call placemaking or this ecosystem of livability, ensuring that broadband is actually—and broadband expansion is actually meeting its intended purpose of expanding, again, access to telehealth, livability, e-commerce, small business, as well as distance learning and the opportunity to engage in telework, including a variety of other factors that make a place, again, a great place to live and work and raise a family.

So, again, it is called the Rural Placemaking Innovation Challenge. I appreciate your comments. And this might be another place in which you want to investigate to see if it fits your community, and we would be happy to work with you on that if you would like.

Ms. TENNEY. Thank you so much. I appreciate it. We have many communities who need this, and so we appreciate it.

Mr. BISHOP. Thank you, Ms. Tenney. And without objection, your entire written testimony will be included in the record.

At this time, I am happy to recognize the gentleman from Tennessee, Mr. Rose.

Mr. Rose, you are now recognized.

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TUESDAY, MAY 18, 2021.

**HON. JOHN W. ROSE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE**

Mr. ROSE. Chairman Bishop, Ranking Member Fortenberry, and members of the subcommittee, thank you for the opportunity to speak on matters of great importance to the agricultural community. It is an honor to be with you and be here this morning.

I come before you today to request level funding for the Non-Land-Grant Colleges of Agriculture Program through the National Institute of Food and Agriculture, or NIFA, so that our non-land-grant institutions of higher learning may continue to educate and train future leaders of the agricultural industry.

Since the 2008 farm bill authorized its creation, NIFA has collaborated with leading scientists, policymakers, experts, and educators in organizations throughout the world to find innovative solutions to the most pressing local and global problems. I can think of no better way that NIFA accomplishes this mission than through their support of their capacity-building grants for non-land-grant colleges of agriculture.

These grants focus on improving research, outreach, and post-secondary level educational activities related to food, agriculture, natural and renewable resources, human sciences, and other similar disciplines.

The NLGCA program has been a critical asset to preparing 32,000 graduates annually for a successful career in the agricultural industry. This program offers a hands-on approach to learning for undergraduate research, balanced by a curriculum focused on business principles, critical thinking, problem-solving, decision-making, creativity, communication, and teamwork.

By graduation, students are well prepared to return to their family's farm, begin a career in public service, pursue further learning, or find other ways to contribute to our Nation's agricultural community.

Of the 58 NLGCAs across the United States, awarding 25 percent of all baccalaureate degrees in agriculture, food, and natural resources-related majors, the need is stronger than ever to support this vital learning program.

Additionally, I urge the committee to support my Community Funding request for \$5 million to be directed to Tennessee Technological University for the development of a 10-acre greenhouse complex to enhance the availability of hands-on educational opportunities for students at the TTU School of Agriculture.

Part of what makes STEM education so unique is the necessity for students to not only have access to outstanding teachers, textbooks, and classrooms, but equally as important are the opportunities for experiential learning. For students in STEM majors, it is critical that, as part of their education, they have the chance to experiment with the lessons, methods, and theories they learned in their lectures. This greenhouse complex would make that possible.

If built, this greenhouse will provide TTU students and farmers from across the Upper Cumberland Region the opportunity to grow produce using state-of-the-art technology that is affordable on a small scale and is also scaleable to larger operations. The complex would also provide employment opportunities for students to assist with educational expenses, while providing local food banks with fresh produce in the area.

Finally, it is worth noting that the students who would make the greatest use of these facilities are predominantly women. Therefore, this project would bolster diversity in the agricultural industry and provide greater opportunities for young women who choose to pursue careers in agriculture.

The benefits of this request would be felt throughout the community, both for students and farmers alike.

Chairman Bishop, Ranking Member Fortenberry, thank you again for allowing me to appear before this subcommittee today, and I look forward to working with you and the rest of the subcommittee as we pursue ways to better American agriculture. Thank you. I yield back.

[The information follows:]

**Representative John Rose (TN-06)**

**Member Day Testimony**

**House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug  
Administration, and Related Agencies**

**May 18, 2021**

Chairman Bishop, Ranking Member Fortenberry, and Members of the Subcommittee, thank you for the opportunity to speak on matters of great importance to the agricultural community. It is an honor to be here.

I come before you today to request level funding for the Non-Land Grant Colleges of Agriculture Program through the National Institute of Food and Agriculture, or NIFA (pronounced NEE-FA), so that our non-land grant institutions of higher learning may continue to educate and train future leaders of the agricultural industry.

Since the 2008 Farm Bill authorized its creation, NIFA has collaborated with leading scientists, policymakers, experts, and educators in organizations throughout the world to find innovative solutions to the most pressing local and global problems. I can think of no better way that NIFA accomplishes this mission than through their support of their Capacity Building Grants for Non-Land-Grant Colleges of Agriculture. These grants focus on improving research, outreach, and postsecondary-level educational activities related to food, agriculture, natural and renewable resources, human sciences, and other similar disciplines.

The NLGCA program has been a critical asset to preparing 32,000 graduates annually for a successful career in the agricultural industry. This program offers a hands-on approach to learning for undergraduate research, balanced by a curriculum focused on business principles, critical thinking, problem solving, decision-making, creativity, communication, and teamwork. By graduation, students are well prepared to return to their family's farm, begin a career in public service, pursue further learning, or find other ways to contribute to our nation's agricultural community.

Of the 58 NLGCAs across the United States, awarding 25% of all baccalaureate degrees in agriculture, food and natural resources related majors, the need is stronger than ever to support this vital learning program.

Additionally, I urge the committee to support my community funding request for \$5,000,000 to be directed to Tennessee Technological University for the development of a 10-acre greenhouse complex to enhance the availability of hands-on educational opportunities for students in the TTU School of Agriculture.

Part of what makes STEM education so unique is the necessity for students to not only have access to outstanding teachers, textbooks, and classrooms, but equally as important are the opportunities for experiential learning. For students in STEM majors, it is critical that as part of their education, they have the chance to experiment with the lessons, methods, and theories they learn in their lectures. This greenhouse complex would make that possible.



If built, this greenhouse will provide TTU students and farmers from across the Upper Cumberland region the opportunity to grow produce using state of the art technology that is affordable on a small scale and is also scalable to larger operations.

The complex would also provide employment opportunities for students to assist with educational expenses, while also providing local food banks with fresh strawberries, lettuce, tomatoes, and other produce.

Finally, it's worth noting that the students who would make the greatest use of these facilities are predominantly women. Therefore, this project would bolster diversity in the agricultural industry and provide greater opportunities for young women who choose to pursue careers in agriculture.

The benefits of this request would be felt throughout the community, both for students and farmers alike. Chairman Bishop and Ranking Member Fortenberry, thank you again for allowing me to appear before this subcommittee today, and I look forward to working with you and the rest of the subcommittee as we pursue ways to better American agriculture.

Mr. BISHOP. Thank you very much, Mr. Rose. We must continue to invest in the education and training for the future leaders of agriculture, and we will continue to do this through NIFA. Your commitment to education and training is also reflected in your Community Project Funding request, and our staff is diligently working to vet all of the requests, and it is our hope to fund as many of these projects as possible.

Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Thank you, Representative Rose, for your thoughtful comments, the importance of agricultural education across a variety of institutions. Dr. Castille, who runs NIFA, was before our committee last week. If I can make a personal recommendation, I think some dialogue directly with her might be of benefit to you.

Part of the guiding principles that she pointed out are stewardship and profitability as they inform the intentionality of their organization. And I thought that was very thoughtful and insightful because, again, this idea of sustainability is stewardship of the resources that we have and making sure that it provides revenue back to the farmers.

So just, again, a personal note, maybe a recommendation, you might want to take up to have direct dialogue with her, but I really appreciate your thoughtful comments.

Thank you, Mr. Chairman.

Mr. BISHOP. Thank you, Mr. Fortenberry.

And, Mr. Rose, the subcommittee appreciates your testimony very much. And without objection, your entire written testimony will be included in the record.

Mr. ROSE. Thank you.

Mr. BISHOP. At this time, I am delighted to recognize the gentleman from Indiana, Mr. Baird.

Mr. Baird, you are now recognized.

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TUESDAY, MAY 18, 2021.

**HON. JAMES R. BAIRD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA**

Mr. BAIRD. Thank you, Chairman Bishop and Ranking Member Fortenberry, for this opportunity to join you today and share initiatives I feel are priorities for the agricultural industry.

For those of you who don't know me well, I represent Indiana's Fourth Congressional District, the largest ag district in an already ag-heavy State. I am a Ph.D. Animal scientist and a farmer myself. So needless to say, I have a great passion for serving our Nation's farmers and ranchers and providing the tools needed to keep America's food system healthy, affordable, and stable.

The first item I would like to call your attention to is increased funding and direction for FDA's Center for Veterinary Medicine, for evaluation and approval of animal food ingredients. Animal food manufacturers are researching and bringing to market innovative feed ingredients that can improve animal nutrition, animal health, production, make the food safer, and reduce the industry's environmental footprint. They are able to do this because regulatory

schemes elsewhere in the world have kept pace with the evolving science of animal nutrition.

Unfortunately, our farmers and ranchers in the United States are missing out on these opportunities, some of these ingredients, due to the Food and Drug Administration's outdated way of regulating these products, and reductions and restrictions on how they are marketed.

I ask this committee to urge the FDA to modernize its policies to allow feed ingredients with production animal well-being, food safety, and the environmental claims to be regulated as foods rather than drugs. To address this much needed modernization, I ask the committee to provide an increase of \$5 million to improve animal food ingredient reviews to enable innovation to continue in this industry.

Another important area for scientific innovation is our understanding of genetics through the National Institute of Food and Agriculture's Genome to Phenome Initiative. This initiative is an important program for providing plant researchers with the tools to measure and to analyze plant characteristics to grow better crops, regardless of the environment, advancing the efficiency and sustainability for producers. And to expand access to these tools and continue this important research, I ask the committee to increase the funding to the program to \$10 million for fiscal year 2022.

As American science and agriculture continue to develop and implement innovative new technologies, it is critical that legislators not add additional burdens to the process of bringing these technologies to market and bringing it into production. In no case is this truer than that of the bioengineered salmon. AquaBounty, an aquaculture company in my State, has developed a product that has repeatedly been proven safe and can sustainably increase domestic production of high-quality protein. Unfortunately, past Senate appropriations language has stymied the commercialization of this innovative technology by placing additional requirements on the product.

I ask that this year's House appropriations package include language to allow the sale of this product labeled as bioengineered, in line with the disclosure standard. I have provided suggested bill language for the record as well as through the appropriations request portal.

Another area, oat production and oat consumption in the U.S. has increased over the year. Oat production has steadily decreased resulting in U.S. mills importing over 90 percent of their oats from Canada. In order to bring oat production back to the U.S., I ask the committee to continue to support ARS' genetic oat research program by providing an increase of \$2.25 million so that our Nation can become self-sufficient.

In addition to the previously described programs, whose funding I feel is critical and of critical importance to the success of modern agricultural industry, moving forward, I would like to express the importance of and my broad support for, as already been mentioned, the Rural Development Cooperative Grant Program, full funding for critically important National Animal Health Laboratory Network, full funding for the Agriculture Advanced Research and Development Authority, broad support for funding the increase to

the adoption and consumer access to biofuels like ethanol, and broad support for USDA programs that help provide access to broadband connectivity for those in rural America who currently lack that access.

I feel strongly that the programs I have highlighted for you this morning are critical to the continued success of agriculture and the agricultural industry and will play a critical role in providing a healthier, more affordable, and more sustainable food system, situated to help solve some of the Nation's most pressing issues.

I hope that you will share my passion for this effort and support these requests. I look forward to working with you on these and other issues moving forward. And thank you for your time today.

With that, Mr. Chair, unless you have any questions, I yield back.

[The information follows:]

Baird Testimony  
**Ag/FDA Appropriations Subcommittee Member Day**  
May 18, 2021, 10:00 AM

Thank you, Chairman Bishop, and Ranking Member Fortenberry, for the opportunity to join you today and share initiatives I feel are priorities for the Agriculture industry. For those of who don't know me well, I represent the Indiana's 4<sup>th</sup> Congressional District – the largest ag district in an already ag-heavy state. I am a Ph.D. Animal Scientist and a farmer myself, so needless to say, I have a great passion for serving our Nation's farmers and ranchers, and providing the tools needed to keep America's food system healthy, affordable, and stable.

The first of these items I'd like to call to your attention is increased funding and direction for FDA's Center for Veterinary Medicine, for evaluation and approval of animal food ingredients.

Animal food manufacturers are researching and bringing to market innovative feed ingredients that can improve animal nutrition, health, and production, make food safer, and reduce the industry's environmental footprint. They are able to do this because regulatory schemes elsewhere in the world have kept pace with the evolving science of animal nutrition. Unfortunately, our farmers and ranchers in the United States are missing out on using these same ingredients due to the Food and Drug Administration's outdated way of regulating these products, and restrictions on how they are marketed. I ask this committee to urge the FDA to modernize its Program Policy and Procedures Manual Guide 1240.3605 to allow feed ingredients with production, animal well-being, food safety and environmental claims to be regulated as "foods" instead of "drugs." To address this much-needed modernization, I ask the Committee to provide an increase of \$5,000,000 to improve animal food ingredient reviews to enable innovation to continue in this industry segment.

Another important area for scientific innovation is our understanding of genetics through the National Institute for Food and Agriculture's Genome to Phenome Initiative. This initiative is an important program for providing plant researchers with the tools to measure and analyze plant characteristics to grow better crops regardless of the environment – advancing the efficiency and sustainability of producers. To expand access to these tools and continue this important research, I ask the Committee to increase funding of the program to \$10 million for FY22.

As American science and agriculture continue to develop and implement innovative new technologies, it is critical that legislators not add additional burdens to the process of bringing these technologies to market and production. In no case is this truer than that of bioengineered salmon. AquaBounty, an aquaculture company in my state, has developed a product that has repeatedly been proven safe, and can sustainably increase domestic production of high quality protein. Unfortunately, past Senate appropriations language has stymied the commercialization of this innovative technology by placing additional requirements on the product. I ask that this year's House appropriations package include language to allow the sale of this product labeled

as “bioengineered” in line with the Disclosure Standard. I have provided suggested bill language for the record as well as through the appropriations request portal.

Next, I’d like to call your attention to funding for USDA’s Center for Veterinary Biologics. CVB reviews and approves biologics products like vaccines that are critical for protecting the health of America’s flocks, herds, and pets including the more than 45 million food-producing and nearly 4 million companion animals in my state from domestic and foreign animal diseases. The funding to maintain timely approval of vaccines and innovative new animal health technologies and to help account for the attrition and turnover of vacant roles at the center is more critical now than ever as American livestock producers continue to fend off the devastating impact of African Swine Fever and other infectious diseases that lie beyond our borders. With these concerns in mind, I ask that you continue to provide level funding for CVB at \$20.57 Million for FY22.

While oat consumption in the U.S. has increased over the years, oat production has steadily decreased, resulting in U.S. mills importing over 90% of their oats from Canada. In order to bring oat production back to the U.S., I ask the Committee to continue to support ARS’s genetic oat research program by providing an increase of \$2.25 million so that our nation can become more self-sufficient.

In addition to the previously described programs whose funding I feel is of critical importance to the success of the modern agriculture industry moving forward, I would also like to express the importance of, and my broad support for: The Rural Development Cooperative Grant Program, full funding for the critically important National Animal Health Laboratory Network (NAHLN), full funding of the Agriculture Advanced Research and Development Authority (AGARDA), broad support for funding that increases the adoption and consumer access to biofuels like ethanol, and broad support for USDA programs that help provide access to broadband connectivity for those in Rural America who currently lack that access.

I feel strongly that the programs I’ve highlighted for you this morning are critical for the continued success of the agriculture industry, and will all play critical roles in providing a healthier, more affordable, and more sustainable food system situated to help solve some of our Nation’s most pressing issues. I hope that you’ll share my passion for this effort and support these requests. I look forward to working with you on these and other issues moving forward, and thank you for your time today.

With that Mr. Chair, unless you have any questions, I yield back.

Thank you,

**James R. Baird**  
Member of Congress

Mr. BISHOP. Thank you, Dr. Baird. You have mentioned a couple of topics that we had not yet heard today, and I thank you for bringing those issues to our attention. And as a member of the Agriculture Committee, you know how vital agriculture research is to our country, and I will continue to ensure that research initiatives are sufficiently funded across the board.

Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Thank you, Dr. Baird. I should mention this, you noted that you are a farmer, and clearly with your Ph.D. Work, you have a substantive background in nutrition and outcomes for our food processing system. Something that many Members I don't think are aware of is that you are a Vietnam veteran as well. I just wanted to highlight that, Dr. Baird. And, again, thank you for your service. And thank you for your testimony today.

Mr. BAIRD. Thank you. I appreciate it.

Mr. BISHOP. We appreciate your testimony. And without objection, your entire written testimony will be included in the record. At this time, I am delighted to recognize Mr. Raja Krishnamoorthi of Illinois.

Mr. Krishnamoorthi, you are now recognized.

TUESDAY, MAY 18, 2021.

**HON. RAJA KRISHNAMOORTHI, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF ILLINOIS**

Mr. KRISHNAMOORTHI. Thank you so much, Chairman Bishop, Ranking Member Fortenberry, and members of the subcommittee. And I have to compliment you, everything is running on time, so congratulations.

Thank you for the opportunity to testify here this morning. I am coming to you not only as a fellow Member of Congress, but as a father of three. I wanted to sound the alarm on something that we only learned about recently through an investigation on the House Oversight Subcommittee on Economic and Consumer Policy, which is that a lot of our baby food contains dangerous neurotoxins. This recent investigation revealed that, unfortunately, there are high levels of lead, arsenic, cadmium, and mercury contained in very popular baby food brands, including Gerber, Happy Baby, Hain, and Beech-Nut.

Now, as a father of three, my wife and I have been a profit center for baby foods in the past. We have purchased a lot of baby food. And unfortunately, this was a shocking discovery that we came across.

Just to give you an example, the FDA will not allow more than 10 parts per billion of lead in an adult quantity of bottled water. But what we found is that baby foods routinely have 641 parts per billion of lead, 345 parts per billion of cadmium, and 180 parts per billion of arsenic. And as we know, all of those are dangerous for human life.

The consequences of consuming these toxic heavy metals in infancy and early childhood are significant and lifelong. They cause deficits in IQ, they cause behavioral problems such as attention deficit and hyperactivity disorder, and they cause central nervous

damage as well. And so this is deeply, deeply troubling and disturbing.

The public reacted to our investigation with outrage and confusion. They said, how could these brands, some of them generations-old American icons, allow their foods to harm babies? As a parent myself, I can assure you there is nothing more gut-wrenching than the knowledge that you may have caused your children harm, even unwittingly. Therefore, parents demanded action.

The FDA responded to our investigation by launching the Closer to Zero program, which is aimed at reducing the content of lead, arsenic, cadmium, and mercury in baby food over the coming years. This long overdue step is welcome, but it currently lacks the urgency needed to meet the needs of protecting babies' brains.

While the FDA promised Closer to Zero would lead to a draft lead standard within 1 year and a draft arsenic standard within 3 years, its timeline for creating draft cadmium and mercury standards is delayed until, quote/unquote, 2024 to beyond. Furthermore, the FDA has not yet demonstrated a commitment to reducing toxic heavy metals to truly protect a child's neurodevelopment.

It is for this reason that I respectfully, yet urgently, ask you to include report language in the fiscal year 2022 appropriations bill providing \$10 million for the FDA's Closer to Zero program. It is imperative, gentlemen and gentleladies, it is imperative that the FDA prioritize this particular program and work as expeditiously as possible to remove toxic heavy metals from baby food.

Ten thousand American babies start on solid foods every day, 10,000. Therefore, there is absolutely no time to waste. We must ensure baby foods are truly safe to feed our kids, not just for the sake of our own children and grandchildren, but for the health of each future generation of Americans.

Thank you for hearing my testimony this morning. I encourage you to please reach out to me or my staff if you need any additional information on this topic, which we will gladly provide. I greatly look forward to passing an annual appropriations bill under your leadership that will further ensure the health and well-being of our children. Nothing could be more important.

Thank you so much. And I yield back.

[The information follows:]



Chairman Bishop, Ranking Member Fortenberry, and Members of the Subcommittee:

Thank you for the opportunity to testify here this morning. I appear before you today not only as a fellow Member of Congress, but as a father of three who must sound the alarm about the dangerous neurotoxins contained within the baby food brands we all know and thought we could trust.

A recent investigation by the House Oversight Subcommittee on Economic and Consumer Policy, which I oversaw as Chairman, uncovered astonishingly high levels of lead, arsenic, cadmium, and mercury in many products made by the popular baby food brands Gerber, happyBABY, Hain, and Beech-Nut.

For example, some foods contain as much as 180 parts per billion of arsenic, 641 parts per billion of lead, and 345 parts per billion of cadmium, many, many times higher than the Food and Drug Administration's standards for drinking water, which are set at 10, 5, and 5 parts per billion, respectively. To our further shock, we learned that most companies rarely or never test for mercury, the environmental toxin posing the third-greatest threat to human health according to the CDC.

Several other major baby food brands – Walmart, Campbell, and Sprout Organic Foods – did not cooperate with my Subcommittee's investigation, leading me to the grim conclusion that the heavy metal contents of their foods could be even worse.

The consequences of consuming these toxic heavy metals in infancy and early childhood are significant and life-long. Children are at higher risk than adults because of their small size and their other developing organ systems. They can experience permanently decreased IQ, behavioral problems such as attention deficit hyperactivity disorder, and central nervous system damage. These impacts may result in lower earnings and increased risk of criminal and antisocial behavior in adulthood. The impacts of toxic metal consumption are cumulative, so the more kids eat, the worse the impact. In very high quantities, consumption of these toxic heavy metals can even result in death.

The public reacted to the Subcommittee's findings with outrage and confusion. How could these brands, some of them generations-old American icons, allow their foods to *harm* babies? As a parent myself, I can assure you there is nothing more gut-wrenching than the knowledge that you may have caused your children harm, even unwittingly. Parents demanded action.

The Food and Drug Administration responded by launching the Closer to Zero program, which is aimed at reducing the content of lead, arsenic, cadmium, and mercury in baby food over the coming years. This long-overdue step is welcome, but it currently lacks the urgency needed to meet the need of protecting babies' brains. While the FDA has promised that Closer to Zero will lead to a draft lead standard within one year and a draft arsenic standard within three, its timeline for creating *draft* cadmium and mercury standards is delayed until "2024 to beyond." Furthermore, the FDA has not yet demonstrated a commitment to reducing toxic heavy metals to levels truly protective of children's neurodevelopment.

It is for this reason that I respectfully, yet urgently, ask you to include report language in the Fiscal Year 2022 appropriations bill providing \$10 million for the FDA's Closer to Zero program. It is imperative that the FDA prioritize this particular program and work as expeditiously as possible to remove toxic heavy metals from baby food.

10,000 American babies start on solid foods every day—so, there is absolutely no time to waste. We must ensure baby foods are truly safe to feed our kids, not just for the sake of our own children and grandchildren, but for the health of each future generation of Americans.

Thank you for hearing my testimony this morning. I encourage you to please reach out to me or my staff if you require any additional information on this topic, which we will gladly provide. I greatly look forward to passing an annual appropriations bill that will further ensure the health and well-being of our children. Nothing is more important.

Mr. BISHOP. Thank you very much, Mr. Krishnamoorthi. We absolutely must do all that we can to protect our babies and young children from exposure to toxic heavy metals. We will work very closely with FDA to ensure the Closer to Zero plan is effectively implemented.

Mr. Fortenberry, you are recognized.

Mr. FORTENBERRY. Thank you, Mr. Chairman. Thank you as well, Representative Krishnamoorthi, for the insightful testimony.

Let me ask you one question, in what oversight hearing was this a focus? I know it was last year, but where did this occur?

Mr. KRISHNAMOORTHY. This was in the Oversight Subcommittee on Economic and Consumer Policy.

Mr. FORTENBERRY. Well, this is very, very helpful information. So thankful for your passion around this, as well as your thoughtful diligence in following through to hopefully what will be some successful end in solving this problem. Thank you very much.

Mr. KRISHNAMOORTHY. Thank you so much.

Mr. BISHOP. Again, thank you, Mr. Krishnamoorthi. The subcommittee very much appreciates your testimony. And without objection, your entire written testimony will be included in the record.

Mr. KRISHNAMOORTHY. Thank you.

Mr. BISHOP. At this time, I am delighted to recognize the gentleman from Hawaii, Mr. Case.

Mr. Case, you are now recognized.

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TUESDAY, MAY 18, 2021.

**HON. ED CASE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII**

Mr. CASE. Mr. Chair, Ranking Member, and members of the subcommittee, mahalo for the opportunity to testify before you today on critical needs for Hawaii agriculture.

My Hawaii has been blessed with some of the most productive and diverse agriculture in the world throughout our history. From ancient taro, through a century and a half of sugar and pineapple, and into today's high value macadamia nut, coffee, and tropical fruit and flower crops, as well as ranching, Hawaii agriculture has remained vibrant, a primary economic driver, and the foundation of our rural communities.

Yet Hawaii agriculture has its own challenges which require Federal attention. For starters, invasive species, a major issue throughout our country, are especially acute in Hawaii where, because of our isolation and unique ecosystems, they have especially devastating effects requiring extraordinary prevention and mitigation actions, and the pace of new introductions and damage is accelerating. It is estimated that in just the past 15 years, 195 new invasive species have been introduced to Hawaii.

This subcommittee and Congress have supported a range of Federal invasive species programs that have materially helped address invasives in Hawaii, like fruit flies, coffee berry borer, macadamia felted coccid, avocado lace bug, little red fire ant, and two-lined spittlebug.

Furthermore, increased funding for the Agricultural Quarantine Program has provided a critical first line of defense that prevents these additional invasives from reaching the Continental United States. I ask the subcommittee to continue to enhance these programs.

However, there is a vital need for new funding for a new particularly threatening invasive, coffee leaf rust. In October of 2020, coffee leaf rust was just discovered on coffee plants on Maui Island, and has since spread to most of the Hawaiian islands. Farms can experience yield loss as greater than 70 percent and lead to tree mortality throughout. This has the potential to wipe out the Hawaii coffee industry, which is one of our State's most significant agricultural exports, valued at more than \$148 million when converted to roasted products.

While USDA's efforts to control the spread of coffee leaf rust in Hawaii have been a necessary Band-Aid, longer term Agricultural Research Service funding for research into resistant varieties and management tools is critical for the viability of this iconic Hawaii industry.

In addition, I ask for the subcommittee's continued support of Alaska Native and Native Hawaiian serving institutions, whose funding has generally remained stagnant. In addition, the 4-H and Future Farmers of America grant programs for Alaska Native and Native Hawaiian serving institutions help schools, like the University of Hawaii, train the next generation of agricultural leaders from our indigenous communities. This is desperately needed in Hawaii where the average age of a farmer is 60 years old.

I lastly want to urge the subcommittee's continued support for specialty crops, especially tropical and subtropical crops. The tropical regions of the world are estimated to contain half of the species on Earth and have numerous opportunities for expansion. The tropical crops that we all love, like cacao, guava, mango, and taro, are being produced domestically in greater quantities but can't receive research funding like other crops. They are hampered by limited local resources and limited access to national resources and by a continued bias in our national policy and support towards the larger traditional crops.

Tropical and subtropical research have been listed as a high priority research and extension area, but it appears that the National Institute of Food and Agriculture has lacked targeted funding to implement a tropical and subtropical research program as it has for other high-priority areas. Given more exacerbated threats from climate change and increased risks from invasive species in these climates, tropical and subtropical research is more needed than ever. Targeted research funding in this space would help the small and minority farmers that drive this industry.

The COVID-19 pandemic, and especially its effect on the tourism and hospitality industry, have affected most industries in Hawaii, including our farmers, who market extensively to both residents and visitors. While COVID-19 assistance from the USDA and SBA has been a vital lifeline for our farmers, we must continue to invest in domestic agriculture to help our agricultural producers bounce back and thrive.

Thank you so much again for the opportunity to testify before you today and for your careful consideration of the needs of Hawaii agriculture. Mahalo.  
[The information follows:]

**Agriculture Appropriations Member Day Testimony**

Mr. Chairman, Ranking Member and members of the Subcommittee, mahalo for the opportunity to testify before you today.

While the days that sugar and pineapple were Hawaii's main exports are long over, Hawai'i agriculture remains a vibrant industry and one of Hawaii's main economic drivers. Although I'm a member of the Full Committee, I felt compelled to highlight the critical programs that support Hawai'i agriculture and domestic producers around the nation.

Invasives are a major issue throughout our country, but especially in Hawai'i and other isolated areas where, because of our unique ecosystems, natural resources and agricultural crops, they have devastating effects requiring extraordinary prevention and mitigation actions.

These unique circumstances also have given rise to one of our nation's most diverse and productive agricultural communities. With ecosystems ranging from desert to tropical and with a year-round growing cycle, our crops range from the highest quality coffee and macadamia nuts to corn seed and cattle to tropical specialty crops like passion fruit and cut flowers.

However, the consequences of insufficient invasive species prevention has significantly harmed Hawai'i. In just the past 15 years, it is estimated that 195 new invasive species have been introduced to Hawai'i.

I want to thank the Subcommittee for its continued support of invasive species programs and language that has helped address invasives in Hawai'i like fruit flies, coffee berry borer, macadamia felted coccid, avocado lace bug, little red fire ant and two-lined spittle bug. Furthermore, increased funding for the Agricultural Quarantine Program has provided that critical first line of defense that prevents these additional invasives from reaching the continental United States.

However, there is a vital need for new funding for coffee leaf rust research. In October 2020, coffee leaf rust was discovered on coffee plants on Maui Island and has since spread to most of the Hawaiian Islands. Unmanaged or ill-managed farms can experience yield losses greater than 70 percent and lead to tree mortality. This has the potential to wipe out the Hawai'i coffee industry, which is one of the state's most significant agricultural exports valued at more than \$148.4 million when converted to roasted products.

While USDA's efforts to control the spread of coffee leaf rust in Hawai'i have been a necessary band-aid, longer-term Agricultural Research Service funding for research into resistant varieties and management tools is critical for the viability of this iconic Hawai'i industry.

In addition to invasive species, I want to ask the Subcommittee for its support of Alaska Native and Native Hawaiian-Serving Institutions, whose funding has generally remained stagnant. In addition to 4-H and Future Farmers of America, grant programs for Alaska Native and Native Hawaiian-Serving Institutions help schools like the University of Hawai'i train the next generation of agricultural leaders. This is desperately needed in Hawai'i, where the average age of a farmer is 60 years old.

I lastly want to urge the Subcommittee to continue its support for specialty crops, especially tropical and subtropical crops. The tropical regions of the world are estimated to contain half of the species on earth and have numerous opportunities for expansion. The tropical crops that we all love, like cacao, guava, mango and taro, and are starting to be produced domestically in greater quantities but can't receive research funding like other crops. They are hampered by limited local resources and limited access to national resources.

Tropical and Subtropical Research is listed as a high-priority research and extension area; however, it appears the National Institute of Food and Agriculture has lacked targeted funding to implement a Tropical and Subtropical Research Program as it has for other high-priority areas. Given more exacerbated threats from climate change and increased risks from invasive species in these climates, tropical and subtropical research is more needed than ever. Targeted research funding in the space would help the small and minority farmers that drive this industry.

The COVID-19 pandemic, and its effect on the tourism and hospitality industry, have affected most industries in Hawai'i, including our farmers. While COVID-19 assistance from the USDA and SBA has been a vital lifeline for our farmers, we must continue to invest in domestic agriculture to help our agricultural producers bounce back and thrive.

Thank you again for the opportunity to testify before you today and for all of your hard work that goes into this bill. I also want to thank the Subcommittee staff, especially Martha Foley and Perry Yates, for all of their assistance and willingness to listen to my office.



Mahalo.

Mr. BISHOP. Thank you, Mr. Case. Your highlight of the unique challenges that are facing the agriculture industry in Hawaii is an important example of how many producers around the country depend on strong USDA programs. We look forward to continuing to work with you to make sure that USDA has the resources that it needs in order to succeed.

Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Thank you, Mr. Case. I was very engaged by your testimony. I come from a big agricultural country where we have traditional crop production and livestock production, but we always consider agriculture to be a big family. And I think your particular emphasis on specialty crop production, as well as tropical and subtropical crop production, is very insightful and a wanted opportunity to augment what we are doing in order to enhance opportunities, not only where you live, but for the well-being of the entire Nation.

Unfortunately, I have never been able to see the problems that you noted up close. Perhaps Chairman Bishop has visited your district, but I have never been able to. That would be a wonderful opportunity, should that ever arise as well.

Thank you very much.

Mr. CASE. Thank you so much, Mr. Chair and Ranking Member. And, Ranking Member, we certainly invite you to come and take a look at a different side of the United States' agriculture industry and community. We all need the support all of agriculture throughout our country. My part just happens to be a little bit different than what people are used to, but it nonetheless needs a lot of attention.

Mr. BISHOP. Thank you, Mr. Case. We certainly would like to have the subcommittee come out and look firsthand at the wonderful things that you guys are doing out in Hawaii in agriculture.

We appreciate your testimony very much. And without objection, your entire written testimony will be included in the record.

Mr. CASE. Thank you.

Mr. BISHOP. Let me take this opportunity to thank all of the Members again for testifying before our subcommittee today. We appreciate your coming out and taking the time to talk to us about projects and programs that are important to your constituents. Your input will be vital as we move forward with the 2022 appropriations process.

At this time, I would like to recognize my friend and my partner, Mr. Fortenberry, for any comments that he would like to make before we close.

Mr. FORTENBERRY. Only briefly, Mr. Chairman. Thank you so much for your leadership. I thought this was a great and insightful discussion today across the broad range of agricultural considerations and rural development considerations that are affecting America. I really appreciate your willingness to hold this.

Again, agriculture in so many ways can transcend so many of the divides across the Nation, and I think we heard that today. We are all singularly focused on a safe and healthy and vibrant food system as well as vibrant world communities.

Thank you, Mr. Chairman. I yield back.

Mr. BISHOP. Thank you, Mr. Fortenberry.

And thank you again to all of the Members in attendance. And a special thanks to our staff, who so efficiently put this hearing together and kept us on time.

For Members who were not able to attend the hearing to testify in person, if you wish to submit written testimony, please do so by the end of the day. Your entire testimony will be included in the record.

With that, this subcommittee is now adjourned.

[Material submitted for inclusion in the record follows:]

**The Honorable Glenn “GT” Thompson (PA-15)**  
**Testimony before the House Appropriations’ Subcommittee on Agriculture, Rural**  
**Development, Food and Drug Administration, and Related Agencies**  
**Member Day Hearing on Appropriation Priorities for Fiscal Year 2022**  
**Tuesday, May 18, 2021**

Chairman Bishop, Ranking Member Fortenberry, and Members of the House Appropriations’ Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies:

Good morning and thank you for providing the opportunity to share my priorities for the Agriculture Appropriations bill of Fiscal Year 2022. As you may know, I represent one of the largest and most rural Congressional districts east of the Mississippi River, a region that is heavily dependent on the utilization and sustainability of our land and natural resources. To ensure an abundant, safe, and affordable American food supply, we must support programs that enhance the livelihoods of our farmers, ranchers, and rural communities.

**Rural Utility Service Programs:**

Through the United States Department of Agriculture (USDA), the Rural Utility Service (RUS) Programs improve the quality of life for rural Americans by providing new infrastructure and improvements to existing infrastructure, including waste and water systems and electric power services.

Rural communities rely on the RUS Water and Waste Disposal Loan and Grant Program for clean and reliable drinking water systems, sanitary sewage and solid waste disposal, ensured system compliance, and storm water drainage. In addition to water and waste infrastructure, RUS provides funding to maintain and modernize the American rural electric infrastructure through the RUS Electric Loan Program. Due to the loans made to cooperatives, states, and other entities, the Electric Loan Program facilitates the distribution, transmission, and generation of affordable and reliable electricity to approximately 42 million people per day.

For these reasons, I respectfully request funding equal to last year’s appropriation for the Water and Waste Disposal Loan and Grant Program and the Electric Loan Program in Fiscal Year 2022.

**Animal Plant and Health Inspection Service Funding for Chronic Wasting Disease:**

Chronic Wasting Disease (CWD) is a contagious, neurological, 100% fatal disease that affects cervids such as deer, elk, and moose in 26 states. CWD threatens the economic stability of hunting communities and state fish and wildlife agencies, both of which largely contribute to conservation funding.

APHIS’ Equine, Cervid, and Small Ruminant Health Program works with state wildlife agencies to monitor and respond to CWD’s threat to wildlife health and conservation. Pennsylvania continues to study, prevent, and respond to CWD through collaboration with the Pennsylvania Departments of Agriculture, Health, and Environmental Protection, the Pennsylvania Game Commission, and USDA.

To promote research and combat the spread of chronic wasting disease, I respectfully request \$15 million for the APHIS' Equine, Cervid, and Small Ruminant Health Program for cooperative agreements with states working to manage and respond to CWD.

**Farm Bill Broadband Programs:**

For years, the digital divide has left many Americans, especially those in rural Pennsylvania, unable to access reliable, high-speed internet service resulting in lost opportunities to expand businesses, learn new skills, or even participate in daily activities. This problem has only been exacerbated through the COVID-19 pandemic.

As the member who represents 14 counties and nearly 25 percent of the landmass in Pennsylvania, I have seen firsthand the disadvantages of those who live in areas with little to no connectivity. In order to build up our rural economy, we must invest into programs designed to meet the unique challenges of our rural communities.

Through the 2018 Farm Bill, Congress has authorized the USDA to play a vital role in the deployment and development of broadband to rural Americans. These programs are equipped to provide communities with resources specific to their connectivity needs.

For these reasons, I respectfully request we fund the statutorily authorized broadband programs through the 2018 Farm Bill. It is my hope we continue to advance these programs in order to close the digital divide and ensure all rural Americans have access to reliable, high-quality internet.

**The Indiana University of Pennsylvania Academy of Culinary Arts Building Project:**

As a life-long Pennsylvanian and proponent for the culinary arts, I am proud to support the Indiana University of Pennsylvania (IUP) Academy of Culinary Arts Building Project. This Community Project Funding request reflects IUP's commitment to investing in Pennsylvania's workforce and economic development.

Located in downtown Punxsutawney, Pennsylvania, the newly innovative and technological space will replace IUP's 32-year-old facility and serve as the main educational and experimental hub for students and the surrounding community. The new building will provide outstanding skills development in updated lab spaces and classrooms, responding to workforce needs for highly skilled chefs and bakers in Pennsylvania.

Additionally, the project will boost key partnerships in the community through collaboration with local elementary and secondary schools, businesses, and other organizations. Funding the IUP Academy of Culinary Arts Building Project champions growth, support, and attraction for the hard-hit culinary and hospitality industries.

As such, I respectfully request \$500,000 from the Rural Community Facilities Program Account to retrofit and renovate the IUP's new Academy of Culinary Arts Building.

Again, thank you to Chairman Bishop, Ranking Member Fortenberry, and Members of the Subcommittee for allowing me to express my priorities for Fiscal Year 2022. I appreciate your consideration and look forward to working together on these and other issues.

## WITNESSES

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	Page
Baird, Hon. James R. ....	476
Case, Hon. Ed. ....	484
Dean, Stacy ....	294
Denigan-Macauley, Mary ....	103
Escobar, Hon. Veronica ....	447
Fallon, Hon. Pat ....	440
Fong, Phyllis ....	4
Hagedorn, Hon. Jim ....	430
Jackson Lee, Hon. Sheila ....	456
Krishnamoorthi, Hon. Raja ....	481
Maxson, Justin ....	336
Rose, Hon. John W. ....	471
Schrier, Hon. Kim ....	435
Smith, Glen R. ....	170
Tenney, Hon. Claudia ....	465
Thompson, Hon. Glenn ....	494
Van Drew, Hon. Jefferson ....	452
Vilsack, Hon. Thomas J. ....	213