

S. HRG. 118–122

# FARM BILL 2023: COMMODITY PROGRAMS, CROP INSURANCE, AND CREDIT

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## HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE,  
NUTRITION, AND FORESTRY

UNITED STATES SENATE

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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February 9, 2023

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## **FARM BILL 2023: COMMODITY PROGRAMS, CROP INSURANCE, AND CREDIT**

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**Thursday, February 9, 2023**

U.S. SENATE  
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,  
*Washington, DC.*

The Committee met, pursuant to notice, at 9:30 a.m., in room 328A, Russell Senate Office Building, Hon. Debbie Stabenow, Chairwoman of the Committee, presiding.

Present: Senators Stabenow [presiding], Brown, Klobuchar, Bennet, Smith, Luján, Warnock, Welch, Boozman, Hoeven, Ernst, Hyde-Smith, Marshall, Tuberville, Braun, Grassley, Thune, and Fischer.

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

Chairwoman STABENOW. Good morning. I call this hearing of the U.S. Senate Committee on Agriculture, Nutrition, and Forestry to order. Let me also clarify—what are you wearing?

[Laughter.]

Senator MARSHALL. I had the Chiefs tie—

Chairwoman STABENOW. You know, we are a proper Committee here. We usually have suits and ties and so on. Given the situation we will have a little latitude. Anyone on the other side who has a shirt they would like to—okay.

First I do want to clarify, because we have a number of members on Judiciary Committee that are on our Committee. We are happy to have them. Thursdays have become difficult because of competing committee hearings, and so on. We have, as a courtesy, opened up—Senator Boozman and I agreed to allow folks to check in and get in line 15 minutes ahead of the beginning of the meeting in order to accommodate that. Judiciary members or any other members do not need to wait until we bring the gavel down. We are going to allow folks to check in 15 minutes early.

Just make sure everybody knows that we are trying to accommodate. We are going to avoid Thursdays as much as we can, going forward, but the Committee times and so on and keep changing. We will do our best to accommodate as many members as possible being able to be with us.

Last week the Committee held a hearing on trade and horticulture policy. Today we hold our fourth farm bill hearing and we are going to focus on the backbone of the farm safety net, the commodity, crop insurance, and credit titles. I would like to welcome

our witnesses, Under Secretary Robert Bonnie—we are so pleased to have you back—Administrator Marcie Bunker, and Administrator Zach Ducheneaux. Thank you so much for all being here. The Committee appreciates your time. We know you share our goal of putting together an effective, strong, bipartisan farm bill, so thank you so much.

Some of our country's earliest agricultural policies date back more than a century, when Congress provided help to farmers to meet their credit needs, and later, in the 1930's, when Congress provided assistance to address weather disasters and plummeting prices. A lot has changed since that time, but farming remains one of the riskiest businesses and farmers still need these tools.

Droughts, floods, and early thaw followed by a late freeze or other serious weather events can wipe out a farmer's bottom line. We certainly have seen that in Michigan, and I know my Senate colleagues have seen that as well.

Global events can cause dramatic swings in commodity prices, risking farmers' livelihoods and harming communities. The climate crisis has made this threat even more dire for farmers across the country.

I am proud of common-sense, bipartisan reforms this Committee has implemented over the last two farm bills, to make the farm safety net fair and more equitable for all farmers. We ended direct payments that either paid too much or too little, regardless of actual losses. We placed a focus on risk management and improved crop insurance options, created new tools like permanent livestock disaster programs and expanded coverage for underserved farmers through the Noninsured Crop Disaster Assistance Program. We added more crops and improved upon new coverage options like whole-farm insurance for diversified producers. We created the Agriculture Risk Coverage Program to protect against both price and yield loss.

I am also part of the work of this Committee in what we have done to secure the dairy safety net. In the 2018 Farm Bill we dramatically improved support for dairy producers and expanded crop insurance options for dairy.

A lot has changed, though, since the passage of the 2018 Farm Bill. We have seen nearly \$70 billion in ad hoc assistance to producers outside of the farm bill programs, and this is something we need to look at in terms of need and what has happened as we go forward on all of these important programs. Over the last three years we have seen 50 individual billion-dollar weather and climate disaster events. Think about that—50 different events. This has led to \$13 billion in ad hoc disaster assistance for our farmers.

Trade wars started by the last administration caused dramatic drops in crop prices and resulted in \$23 billion in ad hoc trade and payments to producers. The pandemic assistance packages passed by Congress delivered more than \$31 billion in assistance to our producers.

I raised many concerns during these ad hoc programs to make sure that they were distributed fairly, and I was concerned at that time that they were not distributed fairly, and that is something we certainly, going forward, are going to be keeping an eye on, to make sure it is fair. We are not interested in picking winners and

losers or favoring certain crops over other or funneling money to larger operations over smaller farms. This was something that was confirmed by the Government Accounting Office, so we want to make sure we are moving forward in the right way, and I am sure we will.

There are still gaps in the farm safety net as farmers continue to face global market uncertainty and climate-fueled weather disasters. While many commodity prices are at historic highs, which is good, we also know that land and fertilizer and input costs are also near record highs. We need to work together to create a farm safety net that is responsive to the needs of all of our farmers.

Crop insurance is the No. 1 risk management tool for producers, but historically has not been available to some farmers who are most in need of it. I am going to continue to focus on expanding and strengthening crop insurance for all our farmers, including specialty crop growers, organic producers, beginning and diversified farmers.

Farmers must have the opportunity to start, sustain, and expand their operations. The farm bill provides a variety of resources for farmers to access credit, through loans, microloans, and training to help new farmers get started in agriculture. These programs need to be accessible and equitable, again, to all farmers, from major commodities to specialty crops to dairy to livestock and everything in between.

This Committee has a challenging task ahead and an important one that I know that we are up to, and I am looking forward to working with all of you and with my friend, the Ranking Member, Senator Boozman, to deliver a strong, bipartisan farm bill that strengthens and builds on our farm safety net.

Senator Boozman.

**STATEMENT OF HON. JOHN BOOZMAN, U.S. SENATOR FROM  
THE STATE OF ARKANSAS**

Senator BOOZMAN. Thank you, Madam Chair, and Under Secretary Bonnie, Administrator Bunger, Administrator Ducheneaux, I thank you all for being here, and we really do appreciate the great work that you are doing.

America's farmers rely on the safety net created by the commodity, crop insurance, and credit programs that you oversee. The tremendous financial risk inherent to agriculture has only increased since the last farm bill due to rapidly increasing input costs. The 2023 Farm Bill must provide our producers with the risk management tools required to farm and ranch in this new reality. The current safety net is frayed and is in dire need of meaningful reinforcement.

When I meet with farmers across Arkansas, when I meet with farmers across the country, they share their hopes and fears with me. The hope is that their children will one day take over the family farm. The fear is, of course, that this will not happen, through no fault of their own. Our producers are one trade war, one natural disaster or market downturn, or geopolitical conflict away from having to sell the farm.

I think I would characterize the farm community now as very uncertain, which is really a bad place to be. A newly reinforced

safety net is essential if the United States would like our farmers and ranchers to continue to produce the most abundant, most affordable, and safest food supply in the world. Climate change and nutrition programs have seen dramatic increases in funding while farm safety net resources have dwindled. In 2021, USDA increased SNAP by a quarter of a trillion dollars, using a flawed process, as GAO recently reported. This last year, the reconciliation process added \$37 billion in funding to USDA conservation, forestry, and rural development programs. However, neither the Administration nor the reconciliation process have done anything to bolster the safety net.

The risk in farming has never been greater. Farm production costs are estimated to be \$460 billion this year, a record that tops last year's record. Crop prices are likely to decline in the coming years, but prices for many of our major commodities would have to drop sharply before the current Title I Price Loss Coverage safety net would start to work. Corn prices, for example, would have to decline by 46 percent before farmers would receive assistance. By the time corn prices fell that low, the significant damage would have already been done.

Farm bill programs, collectively, result in public benefits across the rural and urban landscapes, and we owe it to all Americans to ensure the bottom does not fall out of agriculture. We cannot only focus on certain programs and ignore others when all farm bill programs are necessary to achieve economic sustainability for our farmers and ranchers in rural communities.

The farm safety net can work for all producers, large or small, organic or conventional, farms established a century ago or those just starting out. The important thing is that we all—producers, consumers, Congress, and the Administration—stand together in support of a strong and resilient safety net. The next farm bill must work for those that feed, fuel, and clothe us.

I hope today's hearing will bring these issues to light. I hope producers will hear the assurances they deserve, that the Administration and Congress understand the need to strengthen the farm safety net. I know that if we listen to our farmers and ranchers we will find a way to provide the right tools to manage risk, now and in the future.

Again, I thank you all for being here, and we do appreciate your hard work. With that, Madam Chair, I yield back.

Chairwoman STABENOW. Thank you so much. We have got a lot of important work to do, but we will weave our way through this to make sure we have that strong safety net that we need for all of our growers.

I want to welcome again Under Secretary Bonnie, we have the other two, your sidekicks with you today, that we will introduce. I understand you will be giving testimony but they will answer the hard questions. Is that the way it is going to be? But seriously, welcome to all of you.

Mr. Robert Bonnie is the Under Secretary for Farm Production and Conservation, no stranger to this Committee. He worked with the Bipartisan Policy Center's Farm and Forest Carbon Solutions Initiatives and the Nicholas Institute for Environmental Policy Solutions at Duke University. He also served as Under Secretary for

Natural Resources and Environment and as a senior advisor to Secretary Vilsack in the Obama Administration. Welcome.

Let me also introduce Ms. Marcia Bunker, who is the Administrator for the Risk Management Agency. She is the owner-operator of her family's farm in South Dakota, with over 25 years of experience working for USDA and the Farm Service Agency. It is also my pleasure to acknowledge that she is the first member of the Asian American Pacific Islander community and the first woman to serve as our RMA administrator, and we are so pleased to have you with us and to have your leadership.

Mr. Zach Ducheneaux is the Administrator for the Farm Service Agency. His family operates a fourth-generation ranch on the Cheyenne River Sioux Reservation, and prior to this role he served as the Executive Director of the Intertribal Agriculture Council, he works since the 1990's. Zach has spent his career educating people about the importance of building new markets for producers and improving food systems, and we are very appreciative of your leadership and being here with us today.

Under Secretary Bonnie, you are recognized for five minutes of testimony, and we welcome you again.

**STATEMENT OF HON. ROBERT BONNIE, UNDER SECRETARY FOR FARM PRODUCTION AND CONSERVATION, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.**

**ACCOMPANIED BY MARCIA BUNKER, ADMINISTRATOR, RISK MANAGEMENT AGENCY, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.; AND ZACH DUCHENEAUX, ADMINISTRATOR, FARM SERVICE AGENCY, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.**

Mr. BONNIE. Thank you, Chair. I will make one, perhaps, correction, which is these are not sidekicks. This is the brain trust here, and I can use all the brain power I can get.

Chair, Ranking Member Boozman, and members of the Committee, thank you for the opportunity to appear before you today as you begin consideration of a new farm bill.

Through my decade of service to USDA and now seeing impacts from the pandemic and more frequent and intense natural disasters I have gained a much deeper understanding of the challenges our producers face and the ways our safety net programs are instrumental in keeping families on the land and helping them build more resilient operations. At FPAC I have the honor to work with USDA's producer-facing agencies as we partner with farmers, ranchers, and forest owners to strengthen American agriculture and forestry. All four FPAC agencies—FSA, RMA, NRCS, and the FPAC Business Center—are engaging producers in new and more effective ways, streamlining program delivery, opening the doors of agriculture to all, and providing a more effective and holistic farm safety net.

Since 2021, this Administration has delivered pandemic assistance through CFAP and other programs in a way that provides invaluable assistance to producers while expanding the number of customers able to access aid. This approach through CFAP and our other programs has meant we are reaching an estimated 50,000 more customers per year as compared to pre-pandemic levels.

To expedite the distribution of the \$10 billion in emergency relief funds provided by Congress in 2021, FSA and RMA leveraged existing data to streamline the application process and get money to producers faster than previous ad hoc programs. By year's end, FSA had processed more than 350,000 applications totaling over \$8 billion in payments to livestock, commodity, and specialty crop producers, to help offset eligible losses from 2020 and 2021. We estimate that the design of the Emergency Relief Program and the Emergency Livestock Relief Program saved over one million hours of staff time and equally significant time for producers as well.

The 2023 omnibus provided direction to FPAC to assist rice producers impacted by high input costs. FSA and RMA are working to build on our experience from the emergency relief we provided in 2022 to create a process that will be easy for producers and our staff. The omnibus also provided funds for broader ad hoc disaster payments. While we were thankful for what Congress has provided, the funding provided will not allow us to provide a comparable level of relief for producers with 2022 losses as compared to those impacted by 2021 and 2020 losses.

Even with these ad hoc programs, I want to also reiterate that crop insurance remains a critical, a vital risk management tool for our producers. RMA is expanding coverage to more crops and producers than ever before. RMA's whole-farm and microfarm policies are providing new opportunities for diversified producers and small-scale operators. For the livestock sector, the Pasture, Rangeland, and Forage Program now covers more than 250 million acres.

USDA has also taken significant steps to support producers who rely on our farm loans. Thanks to passage of the Inflation Reduction Act, FSA was able to provide once-in-a-generation assistance to keep many of our borrowers in business. Approximately 11,000 delinquent direct and guaranteed borrowers had their accounts brought current with USDA's announcement in October. USDA also paid the next scheduled annual installment for qualified direct loan borrowers, giving them peace of mind in the near term while Administrator Ducheneaux and the FSA team consider other options to fully leverage the remaining assistance made available by Congress.

The IRA also makes historic investment in farm bill conservation programs to support producers implementing climate-smart agricultural practices. In addition, Secretary Vilsack recently announced a substantial investment to support the adoption of climate-smart practices by farmers, ranchers, and forest owners through the Partnerships for Climate-Smart Commodities program. The effort will finance the production of climate-smart commodities through partner-led pilot and demonstration projects that help expand and create markets for these commodities. In all these efforts, USDA remains committed to a voluntary, incentive-based, and collaborative approach to conservation and climate change.

Ultimately, none of our work is possible without a strong and well-trained work force. FSA Field Operations has prioritized hiring staff in county offices while taking steps to address recruitment and retention. More than 22,000 FPAC employees continue to deliver the 2018 Farm Bill programs that keep our agricultural pro-



ducers in business and help them build stronger operations each year.

I look forward to continued collaboration with the Committee as we seek to provide more efficient, effective, and inclusive support to the farmers, ranchers, and producers we serve. Thank you.

[The prepared joint statement of Mr. Bonnie, Ms. Bunger, and Mr. Ducheneaux can be found on page 38 in the appendix.]

Chairwoman STABENOW. Thank you very much.

First let me say that I really appreciate the work you have done to improve crop insurance. I could not agree more that this is a fundamental tool, a critical tool, and I appreciate all the work that has been done to be able to make it more accessible. I really appreciate programs like NAP, making them more accessible to producers to help manage the risks of their operations.

Could you talk a little bit more about the steps you have taken to make these programs accessible and what your recommendations are for building on them in the next farm bill?

Mr. BONNIE. I will start and then I might turn to my colleague, Administrator Bunger.

In all our programs we are always trying to make them work better for producers, and in the case of crop insurance it is through looking for ways to provide new products through our 508(h) process. It is looking for ways to expand opportunities like whole-farm and microfarm that provide opportunities for specialty crop producers and others.

With everything we are doing we are trying to open up the doors to make our, whether it is crop insurance or other safety net programs, available to as many types of producers to recognize the diversity of agriculture as we can. We think that remains important. Even with our ad hoc disaster programs we structure them in a way to encourage folks to take advantage of, whether it is NAP or crop insurance. We think, again, crop insurance is absolutely vital, but let me turn to Administrator Bunger.

Ms. BUNGER. Thank you, Under Secretary. Thank you, Senator, for the question. As a daughter of a fourth-generation farmer and now being the fifth generation on the same land, my husband and I have been farming together for the last 40 years. The last 27 years, crop insurance has been a cornerstone of our operation. Today, 27 years later, his corn and bean policy is the best in the world.

It is my personal commitment that we also elevate specialty crop growers, we also elevate our urban egg producers, along with organic farmers, that they too have the same type of policy that my husband and I have had for the last 27 years.

What we have done at RMA is to, in the last year, host numerous stakeholder meetings. We have hosted what we call the RMA Road Show, where we have gone out both in virtual presence and in in-person presence, and hosted a number of training, educational opportunities for the whole-farm program, and also for microfarm. In the last year we have taken the steps to reduce red tape with the paperwork with whole-farm and microfarm. We have doubled the amount of revenue limits on whole-farm. We have tripled that for microfarm so that now even more small, beginning farmers have the opportunity to use that microfarm policy.

In addition, we have partnered with the climate partner and we have introduced what we refer to as TOGA—you know, we just love acronyms at USDA—the Transition Organic Growers Assistance program, where we are providing incentives to organic growers as they transition to organics but also to those that are currently in organics, growing feed grains.

It is a passion of mine that all of these growers, whether they are beginning farmers, whether they are veterans, that they too have the same kind of policy that my husband and I have used for the last several years. Thank you.

Chairwoman STABENOW. Well, I appreciate that very much, and it is different. When we say specialty crop growers, for instance, there is not one policy, is there, a policy for cherries or a policy for blueberries. Whatever it is, it is all different. It is complicated. We know that large and small, just like a small business versus large business, small farm versus large farm, paperwork is even a bigger issue for small enterprises. I hear this all the time, and it is an area I would love to see us doing even more on to streamline what is happening around the paperwork issues for our small enterprises.

Mr. Bonnie, let me ask you. There is a new crop insurance product that you announced, an innovative farm-led new crop insurance product known as PACE. I want to thank the corn growers and whole group of farmers that really have come up with this. It is to help farmers manage risks, save money by reducing their fertilizer use and improve water quality. It is available in some counties in Michigan, in other States it was available last year, in 2022, but there are going to be more coming on board. We have not yet seen any more added in Michigan. There is a lot of interest as well as in other States.

Can you talk about the challenges in expanding new products like PACE and how the farm bill can improve the rollout process for products so that farmers have more of these innovative tools that they are actually coming up with themselves?

Mr. BONNIE. Yes, as you point out this product really came through our 508(h) process from commodity groups and others.

One of the issues is making sure the agents on the field—crop insurance is a public-private partnership, and we need to make sure our agents have the tools they need to be able to sell these products. There is always a learning curve with new products like this. This is an innovation that we hope will work. It gives opportunities for producers to try new things, to think about ways that they can improve their stewardship. As we roll it out, and both farmers and agents get more familiar with it, our hope is that folks will find utility in this approach.

Chairwoman STABENOW. Thank you very much. I will turn to Senator BOOZMAN.

Senator BOOZMAN. Thank you, Madam Chair.

Secretary Bonnie, over the last six years, USDA and Congress have provided more than \$70 billion in ad hoc disaster assistance to farmers, while at the same time Title I farm bill programs have delivered less than \$3 billion per year. Congress has stepped up, but as you know that is a difficult process. The delay in the ad hoc support resulted in assistance arriving years after the disaster oc-

curred. The reality suggests the existing safety nets need to be enhanced and that we must find a better way to more quickly deliver relief to producers.

I guess really what I would like for you all is to discuss that and tell us how we can do a better job to reduce ad hoc needs. How can we use the farm bill, or can we commit additional financial resources to improve the safety net, or develop new risk management tools? What are you thinking along those lines-because it is a huge problem. I think you are going to hear a lot about that today, and certainly it is something that farm community is very concerned about.

Mr. BONNIE. I think the point that both you and the Chair have made on the importance of reducing paperwork, rolling things out more quickly is really, really important. In the case of the Emergency Relief Program we tried to use existing data, prefilled forms, and other things to both reduce the work load, frankly, in our field offices, but reduce the work load on producers. We think there is a lot to learn there to move resources more quickly, and we think that will allow us, as we move forward. I mentioned in my opening comments about the rice assistance, that we think we can take some lessons there to move more quickly.

Again, we think crop insurance is critically important. We think NAP, there are significant opportunities there, areas for us to improve NAP to make it easier for producers to get in. As you point out, there is growing interest, and has been resources for these ad hoc programs, and I think our job, on the implementation side, is to get those out as efficiently and quickly as we can to help our producers, and to look for ways that we can enhance our tools, whether it is crop insurance, some of the programs Administrator Ducheneaux works on, to expand them in ways that are most responsive to producers' needs.

Senator BOOZMAN. Yes, again, if we could come up with some ideas. We are spending the money anyway. Seventy billion dollars is a huge amount of money, and we can be proud that we are doing that, and compared to the \$3 billion-less than \$3 billion-that are in your actual programs. How do we maybe capture some of that \$70 billion, put it into programs that people can rely on and use responsibly in order to make things work better?

It is a big problem and it is something that we are all going to need to work on together. If we could somehow make that work on better it would be a huge improvement.

The Federal Crop Insurance Program has been successful in providing certainty for producers and their lenders in mitigating a variety of risks. It also offers flexibility for farmers to select which coverage options are best for their operation. What I get concerned about are efforts to use the Crop Insurance Program as a carrot or a payment delivery tool to try and get producers to adopt specific climate and conservation practices without regard to what is best for their individual operations, the crop being grown or whether the practice is effective in a particular region.

Can you commit to making sure that any efforts to expand the Crop Insurance Programs are science-based, peer-reviewed, and protect the integrity of the program? Really what that gets to is kind of a one-size-fits-all. Cover crops do not work every place. It

might be spending those dollars on education—and again, I am just thinking out loud now, but using those dollars on educational tools to help whatever those producers' needs are to do a better job, from a climate standpoint, a soil standpoint, or whatever.

I think right now we are kind of a one-size-fits-all and we do not like going down that path.

Mr. BONNIE. I think your point about one-size-fits-all is really important. Whether it is conservation or climate-smart ag, it is going to look different to different producers. Our job is to provide a toolbox, and I think with respect to crop insurance, everything we have to do has to be actuarially sound. We have got to maintain the integrity of crop insurance. That is critically important.

As you know, we have provided some incentives for cover crops, using a rebate there that does not affect the actuarial soundness of the program but provides an option for producers. I think as we think about climate, productivity in and of itself is important. We have got to keep producers producing. They have got to be economically viable. Anything we do, whether it is in crop insurance and elsewhere, has to recognize that that is critical.

Again, I think your point about the need for flexible tools is critical.

Senator BOOZMAN. Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much. Senator Tuberville.

Senator TUBERVILLE. Thank you, Madam Chair. Thanks for being here today. The topic we are discussing today is very, very important for my folks back in Alabama. The farm bill process, you know, my goal is to assure that Alabamians and the Southern States have a seat at the discussion table. Our farmers rely upon a strong farm safety net to manage risks, weather, natural disasters, remain in business despite fluctuating market conditions. Despite the USDA's farm safety net, producers are still struggling to breakeven due to skyrocketing inflation and rising input costs for food, fuel, and fertilizer.

As farm bill discussions take place, we want to ensure a strong crop insurance program that maintains the public-private partnership makeup to help our producers manage risk. Over 1.5 million acres, equaling \$920 million, are protected by crop insurance in my State of Alabama.

Additionally, Alabama producers rely heavily on the Price Loss Coverage and the Agriculture Risk Coverage programs to help them stay on their feet when crop revenues decline or market values are low.

Mr. Bonnie, my peanut growers in Alabama report that PLC in the 2018 Farm Bill has worked well. From a safety net perspective, reference prices have not kept up with the rising input costs in agriculture. Has USDA reviewed how we address inflation from a policy perspective over the life of the farm bill?

Mr. BONNIE. I will tell you my legislative staff is always quick to tell me to emphasize that Congress writes the farm bill, and that is going to be important here too. Obviously those reference prices are in statute.

I think you are right. When we talk to producers there is lots of concern about obviously rising input costs. Our delivery of our pro-

grams is critical to be able to put money in their pocket to help address that, and I assume the conversation about those prices will be a part of the debate that Congress has.

Senator TUBERVILLE. During the Trump administration, when commodities were impacted by foreign trade barriers and retaliatory tariffs, USDA implemented the Market Facilitation Program to help offset export losses growers were facing. Has the USDA considered a similar program to offset the rising cost of farm inputs?

Mr. BONNIE. We have not, but I think as you know we have made some investments to try and encourage, for example, domestic production of fertilizer to create more options, more competition, and we think that that approach and potentially other approaches might be helpful on input costs.

Senator TUBERVILLE. Thank you. Mr. Bonnie, one of the strong suits of the Federal crop insurance program is RMA's authority to do its own research and develop policies. Through this approach, the program can expand to cover new crop types such as specialty crops and managing new types of risk.

When I looked through the RMA summary of business for Alabama I see dozens of available crop insurance products where we are selling fewer than 10 policies each year, 10 policies among Alabama's 44,000 farmers. I like having options for our farmers and support the flexibility of the program, but from a good governance perspective, can you walk me through any cost benefit analysis you do on the marketability of the policies you put out, and do you need additional authorities or resources to do that kind of analysis?

Mr. BONNIE. I might turn that question to Administrator Bunger.

Ms. BUNGER. Thank you for the question, Senator. Currently how RMA stands up, all of it is different crop policies. I call it a three-pronged approach. We look to the Hill and we look to you to have us stand up those policies that you write. We also look to the 508(h) process where private submitters submit, and they also involve then recommendations, support from growers, much like the corn growers did with PACE. Then the third is within the department itself, within what guidelines that RMA has to stand up programs. All of those come with reviewers and actuarial soundness that needs to be maintained. It is a balance. With the 508(h) process they are supported by reviewers and also AIPs that recommend how marketable the products are. We will continue to work through those and take a look at those.

The policies that are available have increased exponentially. In 2000, I believe, RMA had 300 policies, and now today we are at 600 policies. The billions of dollars of liability that are covered under those policies have grown also dramatically. The dollar amount that comes to my mind, back in 2000, was \$30 billion. Today we are at over \$200 billion worth of liability, and that is every year.

We are seeing a great deal of interest in all of the policies that we stand up, but at the end of the day we listen to the farmer. We listen to the stakeholders and what their needs are, and that is what we will continue to do.

Senator TUBERVILLE. Thank you. One quick question, Mr. Ducheneaux. I hear concerns from Alabama farmers that FSA loan size limitations have not kept up with rising prices of farm land

and farm inputs, making it more difficult for farmers, especially beginning farmers, to access capital. Do you think we should increase those loan size limits, and if so, what level do you believe that we should go to?

Mr. DUCHENEAUX. As the Under Secretary mentioned, sir—thank you for the question, but as the Under Secretary mentioned we understand our role in this, and our role is to carry that out, whatever statutory limits the Congress would put on us with regard to those loan programs. I hear the same concerns from a lot of the producers that I have a chance to talk with. I give my phone number out at every event, and I encourage producers to call. We make sure we share with them where the problems are that we cannot overcome with regulatory or policy work, and that is one of them that we just run into about every time.

Our lenders enjoy a \$2.037 million guarantee, and we have the capacity, in many cases, to be more flexible than lenders can because of our broader risk pool. We cannot help borrowers that get in trouble with a guaranteed lender. There is really only one way out.

I would really love to visit further about what those limitations may be and look forward to getting requests from you all about how we can provide technical assistance.

Senator TUBERVILLE. Thank you, Madam Chair. I have got a couple of questions I would like to submit for the record, please.

Chairwoman STABENOW. Thank you very much. I just want to followup and encourage you. We would love to have further input from you both. Senator Boozman and I were just saying we hear about this, so we would welcome, as part of this process, is to get as much input and ideas as possible. We would welcome further discussion.

Senator Hyde-Smith.

Senator HYDE-SMITH. Thank you, Madam Chair and Ranking Member Boozman, for having this hearing today, and thank you guys for being here. It is really critical and it certainly is in my State.

Mr. Under Secretary, I would like to discuss the disaster assistance programs authorized under the farm bill, specifically the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish programs, (ELAP). Mississippi grows more catfish than any other State in the Nation, and it has been such a good crop for our State, for many years, and we certainly want to protect it and do everything we can to enhance it, because on Friday nights, southerners go eat catfish at a catfish house somewhere. I am guilty. We do it on Friday night as well.

The bird depredation and the disease is really posing a great threat to the long-term viability. It amazes me what a nuisance and just a disaster they can be. The catfish producers suffer substantial economic losses to the bird depredation annually. The problem is really three-fold. Obviously the revenue that is lost by the fish that are consumed by these birds, and it is amazing. I do not know if you have ever watched them. It is amazing to watch this happen. Then there's death losses due to the diseases introduced by fish-eating birds. Then, of course, the increased cost that it takes to scare the birds away from the ponds.

Since the vast majority of the catfish production occurs just in a few States—Alabama, Arkansas, and Mississippi—we really do not get a lot of attention on this because it is kind of just a Southern State thing. Let me just describe to you what these farmers are dealing with. I mean, hundreds of thousands of these cormorants migrate south each winter, and we just look for them. We know it is coming.

They are fish-eating birds and they can eat one to three pounds of fish per day, per bird. Because catfish ponds, which are relatively small, 10 to 20 acres, are stocked with about 7,000 pounds or more of fish per acre, they make a very attractive stopping spot for these birds. They know exactly where they are coming. I mean, it can be a flock of 500 easy, at one pond, and that is not uncommon, and they can be there for weeks. They can be there for months. We all know when they are there because that is when the phone starts ringing.

During these events a farmer may spend \$800 or more per acre to scare the birds away. Since the cormorants and other predatory birds, such as pelicans and cranes, are federally protected under the Migratory Bird Treaty Act, we cannot use lethal methods without a permit from the U.S. Fish and Wildlife Service, and those are pretty difficult to get for these farmers.

Rarely does a flock leave for very long and they are right back after you scare them off. That is a lot of shells. After the cormorants leave the catfish farm in the spring to fly north, farmers are often counting thousands of fish that died, just from the diseases they brought with them, on top of the fish that they consume. If you do the math a large flock of cormorants eating one to three pounds of fish per day for a month, is a huge financial hit to these guys and ladies. When you factor in disease and the other additional costs, it has put people out of business.

Unfortunately catfish producers are not eligible for any of these losses under ELAP, or any other USDA disaster program, for that matter. They just have to take the losses. This is a genuine crop loss here that is out of their control. I would certainly consider losing \$1 million worth of fish in a short amount of time, or spending tens of thousands of dollars to scare birds—I mean, obviously, it is a disaster to these farmers.

The U.S. farm-raised catfish industry is a major contributor to rural economies in the Southeast and provides thousands of jobs in some of the most rural and underserved parts of this entire country.

Saying all of that, I would love to amend ELAP in the 2023 Farm Bill to address the issue. I guess my question, Mr. Secretary, is would you commit to working with me and my staff and the Senate Ag Committee to provide technical assistance and feedback on several proposals that we are looking at related to this issue that I am working on? I want to be sure that any changes made to ELAP work and are easily implemented by USDA. We have a really major problem with this, and it is, you know, it is a southern thing but I just want your commitment, if you can give that to me, to help me with these issues.

Mr. BONNIE. Absolutely. I might turn to Zach as well. I know he has been engaged on this issue as well. We will absolutely commit to work with you. Let me turn it to Zach.

Mr. DUCHENEAUX. Thank you, Senator, for the question, and growing up on a ranch, driving an H tractor in a hayfield with a jumbled-up toolbox and a messy garage that we did not have the money to put the electricity in, I learned how to use tools very well and learned how to improvise.

ELAP is our best tool for that flexibility, and we were able to use that tool to extend some flexibility to the aquaculture industry broader. The causes of loss that you mention, we do have some challenges with those particular causes of loss under the program. Absolutely, we would love to work with your staff to help get to some solutions that work better for your producers.

Senator HYDE-SMITH. Can you just briefly tell me some of the challenges of why we do not meet that?

Mr. DUCHENEAUX. ELAP has a lot of weather-related cause of losses. We were able to find flexibility to get aquaculture in under the weather-related damage with regard to Winter Storm Uri in 2021. To hear the redfish producers tell it, we really helped save their industry.

The barrier or the bar against assisting where it is a depredation issue, we use our LIP program for depredation issues. There is maybe a little bit of a confluence of programming that needs to happen there in order for us to really meet that need.

Senator HYDE-SMITH. Okay. Well, thank you so much. I am glad you guys understand and that you are familiar with this, and I appreciate your help. Thank you, Madam Chair.

Mr. DUCHENEAUX. Yes, ma'am.

Chairwoman STABENOW. Thank you very much. Senator Boozman.

Senator BOOZMAN. Madam Chair, again I want to echo. The problem that is interesting, the Chairwoman and I were visiting. They have a similar problem with brown trout up north, and have gone around things a little bit different.

Really, if we could sit down with you all and APHIS and then Fish and Wildlife. There is all a component for all of us, and really just kind of talk through that and see how we can do a better job adhering to the things we need to. I think we can, and it is just going to take some cooperation from everybody. This really is a huge problem. Thank you.

Chairwoman STABENOW. Thank you very much. I was sharing with Senator Boozman that we have a brown trout festival in Michigan, up around Alpena, and 1 year they had to cancel it because there were no brown trout because the cormorants had attacked and killed all the trout. There have been some strategies that have actually worked, related to this, but it has been an ongoing issue. I appreciate the discussion.

Mr. BONNIE. We welcome the conversation, good relationship with the Fish and Wildlife Service, and happy to engage there as well, and obviously APHIS as well.

Chairwoman STABENOW. Thank you. Well, Senator Thune just came back in. I was about to call Senator Ernst, but Senator Thune, you bumped her.



Senator THUNE. I am so sorry.

Chairwoman STABENOW. Okay. Senator Thune, on our list, is next. Then Senator Fischer. Then Senator Ernst. Senator Ernst, you should have tripped him on the way in and I would have been able to get to you.

[Laughter.]

Chairwoman STABENOW. Senator Thune.

Senator THUNE. Thank you, Madam Chair and Ranking Member Boozman, for holding today's hearing on these very important titles in the farm bill, and I also want to thank our USDA witnesses for appearing before the Committee, and it is nice to have fellow South Dakotans here, Administrator Bunger and Administrator Ducheneaux with us today. It is critically important that the next farm bill provides a strong safety net and risk management tools that allow farmers and ranchers to continue working to feed and fuel our Nation and the world. Crop insurance and commodity programs must be maintained, and where possible, improved in the next farm bill to help producers face challenges from high inflation and input costs to adverse weather events.

Before I turn to my questions I want to raise concerns with USDA's Emergency Relief Program, the ERP Phase Two. I appreciate USDA's efforts through Phase One ERP, which generally worked well in supporting producers with crop losses in 2020 and 2021, but the Phase Two methodology, if comparing Schedule F or taxable income from benchmark periods in disasters years often does not accurately reflect crop losses that Congress meant to cover. I want to urge USDA to consider its ERP Phase Two methodology and to use the Phase One approach going forward for 2022 crop losses.

Under Secretary Bonnie, as you know agriculture risk coverage and price loss coverage are important safety net tools for producers. I secured a provision in the 2023 Farm Bill that allows producers to annually elect and enroll in ARC for PLC starting in 2021 and again in 2022 and 2023, and I appreciate USDA's efforts to coordinate this FSA deadline with RMA's March 15th deadline to apply for crop insurance for crops.

As we work to build off successes of the 2018 Farm Bill, like the annual election, what else can be done to maximize producers' options and access to decisionmaking tools, and what ideas do you have to better streamline administration of programs across the agencies that you oversee?

Mr. BONNIE. On the ARC PLC front let me turn to Administrator Ducheneaux.

I would just say, more broadly, there was a conversation while you were out of the room about ad hoc and the ad hoc disaster in crop insurance, and we are committed to crop insurance. We know how important it is in your neck of the woods but it is important across the country. We think creating incentives for producers to take advantage of crop insurance, same thing on the NAP side, the more we can do to get them into those regular safety net programs we think that is critically important. We want to continue to encourage that.

Let me turn to Zach on the ARC PLC front.

Mr. DUCHENEAUX. Thank you, Senator. It is good to see you. Good to be around South Dakotans as well.

With regard to ARC/PLC and the annual election we hear that producers like that. One of the challenges that we hear producers express all across the country, as we get a chance to go out and visit in the countryside, is reference prices, as Senator Boozman mentioned, need to be adjusted in order to make that a better tool for them, and we welcome conversations with our colleagues on the Hill about how do we make thoughtful decisions about that, to the point Senator Boozman made as well about a better allocation of that funding that is going to ad hoc programs as well.

Another conversation that comes up as we dive into our communities that are maybe more underserved and have not had the benefit of these programs for decades and generations is the allocation of base acres and the fact that in many of these communities where they are trying every bit as hard to farm, base acres do not exist. We do not have a base acre concept in grazing land, for instance, in western South Dakota.

Those are some things that we have heard from our producers, and we welcome conversations with you all about how can we make adjustments to make it fit better.

Senator THUNE. Thank you. Let me just—and I am going to direct this to all of you—Senator Luján and I are working to introduce our proposal to improve the effectiveness and timeliness of disaster programs for livestock producers. USDA's technical assistance is vital as we work to refine and improve programs in the next farm bill.

Will you make it a priority for USDA to provide technical assistance in a timely manner?

Mr. BONNIE. Absolutely.

Senator THUNE. Thank you. Our proposal also seeks to improve the accuracy of the drought monitor, which triggers certain disaster programs. I am going to ask, I guess, any of you what ideas you have to strengthen disaster programs and the drought monitor in the next farm bill. If you could comment on that it would be great. Thank you.

Mr. BONNIE. Yes, I am absolutely willing to work with you on that, and I want to return to the disaster question here. We are increasingly facing pretty intense disasters, whether it is hurricane in Florida, Puerto Rico, wildfire in New Mexico, that I know Senator Luján has been engaged with, and we are essentially having to build jump teams within FSA to be able to surge staff to those areas. The same thing on the NRCS side because there are some emergency authorities there.

We are building, essentially, the ability to almost put together incident management teams to be able to deal with those disasters. I want to bring it to your attention because it is increasingly taking resources of USDA, and it is an important issue. We do a good job, for example, in wildfire on disaster response, but we are going to need to standardize how we do disaster recovery as well, and we are spending more time on it. It is increasingly a critical issue and I think one that I want to make sure you all are thinking about as well.

Senator THUNE. Thank you. My time has expired, Madam Chair. I have got some additional questions and I will submit them for the record. Thanks.

Chairwoman STABENOW. Thank you very much. Senator Fischer.

Senator FISCHER. Thank you, Madam Chair. As many have already said today it should be a top priority of this Congress to protect crop insurance. Crop insurance is the quickest and most efficient way to provide aid to our farmers and ranchers after a disaster. Farmers recognize this and they often value the relationship they have with their crop insurance agents. In fact, we have heard from some crop insurance agents that farmers are sometimes even being directed by Farm Service agency local offices to reach out to their crop insurance agents to answer questions about disaster programs.

So Under Secretary Bonnie, as we all know FSA and RMA are different agencies. Given that farmers are being directed to reach out to their crop insurance agents, sometimes by FSA, the staff themselves, how can USDA ensure that crop insurance companies and the agents have the proper information so that they can answer questions about those FSA programs?

Mr. BONNIE. I am going to turn to both of my colleagues here. One thing, I think, we are working to do a better job of is making sure our field offices understand our programs as we roll them out. Training is really, really important, communication with our field offices, so that they can provide answers.

Let me turn to first Zach and then Marcia.

Mr. DUCHENEAUX. Thank you. Thank you, Senator Fischer. As the Under Secretary mentioned, we are really working at collaborating better, especially within our mission area, where we are all in the same realm of really helping the producer-focused aspect of the USDA. That is another thing we hear from producers as we go around the country. "You already have my information. Why do I have to submit it again?" We think we have been able to address that with ERP Phase One.

Now the question you asked about when the producers have challenges, getting referred to their insurance provider, there are some things that their insurance provider has that we do not, and when we need that information we want to make sure they are getting it from the source and not us guessing about what it might be. It is about coordination and about really maintaining that relationship that is so important between that producer and their insurance provider and trying not to get in the middle of that relationship and foul things up. It is about getting accurate information.

Senator FISCHER. Correct. Do you think there is a better way to be able to get that information to the agents about the programs that you have?

Mr. DUCHENEAUX. One of the efforts that we have undertaken since we have been out doing stakeholder visits and listening to our staff and our producers is there is a lot of frustration when we make an announcement and the staff do not know what we have announced about. We have changed that and we are starting to read the staff in sooner, and we are looking to engage with our co-operators sooner. Within the FSA we have got a lot of co-operators out there representing young farmers, veteran farmers, under-

served farmers. We are looking at reading them in at that same time, and it makes sense that we would do so with our approved insurance providers and their agents as well. I will ask Administrator Bunger to speak to their notification process with them.

Senator FISCHER. Thank you.

Ms. BUNGER. Thank you. Thank you for the concern and the comments. Being we are fellow South Dakotans, I have had the privilege and the honor to now work with Administrator Ducheneaux, and it has been fun. It has been a fun collaboration. I think we have really leaned into one another, and it was evident with Phase One and the huge success of Phase One. I think we saw the benefits of that leaning into each other, and that is just how I think we will approach it from RMA is that the model will be that, you know, we are going to communicate out messages. We are going to communicate out messages for each other. We are going to answer questions when we can, and if we cannot we are going to defer to each other.

As a former crop insurance agent myself, I recognize the importance of being not only good at crop insurance but also being familiar with what was going on at FSA. That gave me maybe an advantage when I was out with my customers, but I, too, am going to leave with that message, that agents, please, please, please reach out to FSA, communicate back and forth, and we will continue to do it from the top to the bottom.

Senator FISCHER. Thank you. Thank you. Under Secretary Bonnie, Senator Klobuchar and I have introduced a bill with the precision agriculture, focusing on providing loans to small family farmers and ranchers so that they can become even better stewards of the land and take advantage of that new technology that is available, to be able to provide information to them to become even better conservationists. When we are looking toward the farm bill now, kind of to piggyback a little bit on what Senator Thune was talking about with technical assistance, I would hope that we could reach out to you to make sure, as we look to the farm bill and be able to look at that precision ag loan act that we have, to make sure we have just the exact wording that we are going to need to get that in there for our folks to be able to jump on that and take advantage of it.

Mr. BONNIE. Absolutely. I really appreciate your interest in this. It is vital from a conservation and it is vital from a climate standpoint. We have got to maintain productivity, even while we think about conservation. I really appreciate your leadership, and I absolutely would love to work on this.

Senator FISCHER. Great. Thank you. Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much. Senator Ernst, you have been bumped again. Senator Smith.

Senator SMITH. It is a complicated morning to get our timing right, is it not? Thank you very much, Madam Chair and Ranking Member, and thanks to our panelists. It is good to be with you.

I would like to start by getting your assessment of what it is that we need to do to improve access to credit and other financial tools for farmers of color and beginning farmers. This is an important issue for so many reasons, not least because the average age of

farmers is climbing and it is increasingly difficult for young farmers to get started.

Minnesota has a very diverse farm economy—Hmong, Native, Latino farmers, Black farmers, all very active and productive—and I often hear that USDA could be doing more to support them as they are getting started in building their businesses, acquiring equipment, and developing markets. Of course, they need access to credit and risk management tools, some of which they know nothing about.

I would like to ask everyone on the panel, could you just talk a bit about what it is that we need to do differently and how can the farm bill help these farmers get improved access to credit and insurance programs so that they can operate?

Mr. BONNIE. I am going to do the smart thing and talk very briefly and hand it over to this guy sitting on my left.

Senator SMITH. Thank you.

Mr. BONNIE. Equity cuts through everything we do. We need to make sure we open the doors wide for everybody, and that will benefit all of agriculture, and obviously farm loans is a critical part of that. We think about it on the conservation side. We think about it in farm programs more broadly.

Let me turn to the administrator.

Mr. DUCHENEAUX. Thank you, Senator. I appreciate the question. This is what I feel like I was brought to the agency for is to help improve access to credit, especially to those underserved populations. It is what I have spent my life doing. The tools that we have oftentimes can work with the proper guidance. The challenge is there is a culture change that needs to happen, and we should look to be that lender first opportunity as opposed to that lender of last resort. I think that can start with a better reading of our authorizing statute—credit sufficient to meet the actual needs of the borrower at reasonable rates and terms.

We do not do an analysis when we get producers in the door, one, because we had a stack of papers 29 pages tall, as you are well aware, just to get an application completed. We have refined that down to 13 now, as the first step in better serving equitably across all of the populations we serve. The next step in that is to really take a look at that authorization that we have and contemplate what that test for credit is, because in many cases our loan officers, they feel like they have no choice but to tell that producers, “You can go get credit over there. It is going to cost you five percent more, but go get another job and then you can make that work.”

We want to be able to have an analysis, talk about long-range planning with that producer. The funding we have received in the Inflation Reduction Act, to think about loan modifications differently and fund those changes is critical to really opening that toolbox for our borrowers with respect to loan servicing and better loan structuring as a planning tool for our producers, because to the point made here earlier today, there is \$70 billion in ad hoc disaster assistance that has been delivered in the last few years. There is over \$350 billion worth of farm income every single year for the last 10, and we have got to find ways to ensure that more of that circulates through the producer’s balance sheet before it is taken out of that community.

Senator SMITH. Thank you for that, and I would like to continue this conversation and continue to work with you on this so that we can figure out what we need to do in this upcoming reauthorization to support the work that you are doing to expand access to these really important tools, which are going to make the difference in whether somebody is able to stay in the sector, whether they are somebody who has been traditionally blocked out of this sector, or whether they are a new, beginning farmer that is just trying to figure out how to put the money together to start an operation.

Mr. BONNIE. Ma'am, if I may—

Senator SMITH. Yes, please.

Mr. BONNIE [continuing]. I would like to offer that properly structured credit is a risk management tool.

Senator SMITH. Absolutely.

Mr. BONNIE. It lets that producer divert production income toward the needs, if it is not all taken right back out of the operation. I welcome the conversation.

Senator SMITH. All right. I just have a few seconds left, and I am eager to hear the questions from my good friend, Senator Ernst. In 2018, we created the Dairy Margin Coverage Program. Dairy producers have generally been happy with the program, at least in Minnesota. They agree that it has been an improvement, and also tell me that the work that we have done with the USDA to make sure that people know about it and understand the benefits, help people to sign up early, has been very useful.

Could you just, Under Secretary Bonnie, could you just talk briefly about how you see this and what the approach is going to be of USDA to continue to do outreach and promotion on this important program?

Mr. BONNIE. Vitally important program. It has been incredibly important for our dairy producers. We have worked to update the cost of feed so that it actually works better for producers, so looking for ways that we can make sure that the margins are more accurate or more reflective of what is going on down on the ground. We have provided supplemental coverage as well. Obviously, a very important part of the safety net, and I think we would welcome the opportunity to work with all of you on it.

Senator SMITH. Thank you. Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much. While Senator Grassley has joined us I have asked him to allow his junior Senator to go first. Senator Ernst has been waiting a long time and bumped many times, and we appreciate Senator Grassley allowing Senator Ernst to proceed. Senator Ernst.

Senator ERNST. Thank you. Thank you, Madam Chair and Ranking Member, and thanks to the witnesses for being here today.

With the precision agriculture and innovative technologies that we see across the ag spectrum now I am always very impressed with the ways our farmers are continuously seeking to improve their productivity and to always, always be good stewards of their land. As a condition of receiving Title I and crop insurance benefits farmers are required to meet specific environmental standards such as protecting our water quality, very important in Iowa. They have to protect our wetlands and soil health. These are all important and should be maintained but not augmented.

Crop insurance is the most effective and best risk management tool. You have heard it from everyone, I think, here today, so it tells you how important this is. It is that most important tool that farmers have, and it is critical that we maintain that safety net that is affordable as well. It is especially important as we consider the young and beginning and small farmers because the lenders look at that crop insurance as a way to guarantee operating loans. On average, our farm balance sheets, they have been strong with the recent high commodity prices, but as land, equipment, and other inputs remain high it is even more vital to have those risk management tools.

I will not ask the question again because Senator Smith did a good job of covering it, but making sure that those young and beginning farmers have the support that they need, and Administrator, I know you had addressed that. Just something to keep in mind as we are working through the farm bill, just any additional thoughts that you have please reach out to us because I think all of us on this Committee are absolutely willing to work with you to make sure that we keep those supports in place.

Another important issue that I have been working closely with the Chairwoman on, Chairwoman Stabenow, Ranking Member Boozman, and USDA staff is legislation to modernize the Agricultural Foreign Investment Disclosure Act. As you know, according to USDA's 2021 AFIDA report, foreign persons hold interest in approximately 40 million acres of U.S. ag land. That is more total acres than make up my entire home State of Iowa.

Among a multitude of reasons, my concerns has been reinforced by the Chinese spy balloon last week and the Chinese-owned Fufeng Group's proposed corn mill near Grand Forks Air Force Base in North Dakota. Our national security is at risk, and I am very, very concerned about the increasing foreign ownership of our farmland.

Administrator, I look forward to continuing to work with you and your team and the Committee to make meaningful updates to AFIDA and to provide the important resources needed to protect our farmland and ensure our national security. Administrator, could you share some of the challenges your staff have with the outdated process and the resources needed?

Mr. BONNIE. Yes, ma'am, and thanks for the question. As we go around the countryside we hear concern not only about foreign ownership but absentee ownership in the areas that are transitioning from agriculture to some other use. It is critical that we manage that. We have had some of our producers actually tell us, "You all should regulate that." I said, "I don't think you want us regulating that."

Senator ERNST. Probably not.

Mr. BONNIE. To the point about AFIDA, it is a paper-based process right now, and we are not a regulatory agency so we do not have a lot of enforcement tools against foreign owners for not coming in and doing that paperwork. We are going to need resources, if that is a job that we are going to be tasked with. We are good at picking it up and running with it, like the producers that we serve, when we get another job. If we can get the resources to do

that properly and the cooperation across the Federal family we are ready to do it.

Senator ERNST. Thank you. Administrator, just for everybody information, what year are we in this year?

Mr. BONNIE. It is 2023.

Senator ERNST. Exactly. You stated largely it is a paper-driven process.

Mr. BONNIE. I welcome conversations with you.

Senator ERNST. Absolutely. I appreciate that. I think this is something that really needs to be worked on. Food security is national security, and we really need to make sure that we do have those resources dedicated to updating our system so that we can find ways of enforcing much, much easier than what we are able to do now. Thank you very much, Administrator.

Thank you, Madam Chair.

Chairwoman STABENOW. Well, thank you so much, and I will underscore that when you talk about paper, we ought to be looking at the very best technology and the staffing needed to serve our farmers. I know the Department agrees with that, but that is a serious issue, a very serious issue.

Senator Luján, and then Senator Grassley.

Senator LUJÁN. Thank you very much, Chair Stabenow and Ranking Member Boozman. I am honored to be with you today, and thank you to our panelists, our experts, for coming on in today and for all the staff that are here.

When Secretary Vilsack was before this Committee last year I shared my concerns that farmers in New Mexico were being told that they were not eligible for preventive plant payments because of the Trump administration's rule in the 1-in-4 rule. During the hearing, the Secretary testified that the Department of Agriculture had made changes in some areas for some commodities, but I quote what the Secretary said, "Our review is not finished. We need to continue to look for ways in which we can create flexibility."

Ms. BUNGER, yes or no. Has the Department updated or revised preventive planting rules to allow drought-stricken farmers to retain much-needed crop insurance coverage during extreme droughts?

Ms. BUNGER. Thank you for the question, and we are looking at this next year revising those proposed rules. You are right. Under the last administration 1-in-4 was expanded nationwide. We have come to hear from groups, stakeholders, that we maybe did not have all of the conversations that we needed to have.

1-in-4 is very regionalized in a lot of cases, and so for this coming year we have made an exception for several Western States to step outside of that 1-in-4, and over this next year we hope to, with appropriate stakeholder feedback, that we get better information so that we can maybe come up with a long-term solution. I welcome the opportunity to continue to talk with your region, with other stakeholders in the Western part of the country.

Senator LUJÁN. Ms. BUNGER, if I follow it correctly, USDA is hoping to take action within the year. USDA has created a waiver, created a process for Western States or other States to be able to apply for this program and make their case?

Ms. BUNGER. Correct.



Senator LUJÁN. I appreciate that.

Ms. BUNGER. In a simple answer, yes. There is a waiver this year for several Western States. We can get you those States that have been identified. I do know your State is included in that waiver.

Senator LUJÁN. I appreciate that. I think we can all agree that there are wet States and there are dry States, and when policy is created for the Everglades it might not work out in the mountain desert.

Ms. BUNGER. Yes.

Senator LUJÁN. I think this is just common sense.

Ms. BUNGER. Right.

Senator LUJÁN. We do not have the water that they do down in that beautiful part of America. We are pretty for other reasons. I am hopeful that this will be looked at the way it should be, that Western States get treated the same as Eastern States, because when I look at USDA—and now I am going off-script so I apologize to my staff—when I looked at the way that USDA allocates money, Western States do not do so well. You compare New Mexico to the region States or the Western States to the other States, it is not as well as it should be. It is not equitable.

When the rules are changed so that a State cannot even compete something is broken. We are the United States of America, and these programs are made for producers all over the country that contribute to the welfare of the United States. I am hopeful that we can make progress, and whatever I can do to encourage more participation from Western States, and especially in New Mexico, I will be on the phone again with the Secretary to ensure that they have been working closely with you in these particular areas as well.

I apologize for showing a little passion there.

Now New Mexico prides itself on a diverse set of crops that we grow, especially our chile, which we are very proud of, pecans, pistachios. We do great with nuts as well. A vital purpose of the farm bill is to provide a safety net to producers to ensure that they are able to protect their farms and livelihood. Tools like crop insurance are vital in that mission. Options for specialty crops are not at the levels provided for other crops, as we know.

Ms. Bunker, how can Congress expand and strengthen these programs to ensure that they are a viable and reliable safety net for all farmers, and because my time has expired I will submit these into the record and that way we can work with you on these as well, on specialty crops across the country that might benefit. Thank you. Thank you very much.

Chairwoman STABENOW. Well, and thank you, Senator Luján. I am so pleased you are a part of this Committee to raise really important issues and concerns for, I know, New Mexico, and other Southwestern States. Thank you very much.

Senator GRASSLEY.

Senator GRASSLEY. My staff has told me since I have not been here for all of this meeting that the issue of payment limitations has not come up yet, so my first question is to Mr. Ducheneaux, and I am going to lead in with this.

As it stands, the largest 10 percent of farmers receive nearly 70 percent of the subsidies from Title I programs. Because of this,

large farmers get higher payments and drive land prices up. This is one of the many reasons it is hard for young and beginning farmers to get started, and that is why, during the 2018 Farm Bill I proposed my amendments that would have enacted common-sense payment limits. Instead, the previous farm bill was intentionally written to help the wealthiest farmers, even relatives with no direct connection to the land, receive unlimited subsidies from taxpayers.

Now the Government Accountability Office says the USDA is not routinely reviewing FSA operations to ensure compliance meets the legal terms actually engage standards to qualify for the payments. My first question is, what steps have you taken to provide better oversight to farm payments and to comply with the GAO recommendations?

Mr. DUCHENEAUX. Thank you, Senator. Payment limitations come up every time we roll out a program, and our staff and the county offices do a great job of vetting those operations. I was just in a conversation with one of our CEDs in South Dakota, and a farm there had to submit three ring binders full of paper to prove up that they were structured as they said. Our staff doing a great job at that, the discussion around what payment limitations should be. That is something that Congress will give us guidance on, as it has in the past, and we will continue to carry that out to the best of our ability. We are vetting them as diligently as we have the capacity to, sir.

Senator GRASSLEY. Okay. What steps has the FSA taken to ensure producers are meeting the legal term actively engaged standards to qualify for payments?

Mr. DUCHENEAUX. Again, we review the files periodically of farms selected at random through spot checks as opposed to devoting the staff resource to reviewing every single operation. We have got to have a process that can sort of mine the data, sort of get at that.

Senator GRASSLEY. My last question is, are there specific reforms that could better ensure programs reach working farmers and non-landowners on Wall Street, living thousands of miles away?

Mr. DUCHENEAUX. Sir, we continue to look for the flexibility that we have within the statutes to do that, and we are going to try to find that flexibility that we have, and we welcome conversations with you about what those reforms might be on the statutory level.

Senator GRASSLEY. Yes. Next, for Secretary Bonnie, USDA is investigating more than 3 and 1/10th billion for 141 projects through partnerships for climate-smart commodities. Spending over \$3 billion without input from Congress is of serious concern. It should be for everybody in the Congress. It is my belief that Congress should not continue to allow USDA to both authorize and appropriate for new programs.

So, Secretary, does USDA have plans for any other new programs using money from the Commodity Credit Corporation without input from Congress?

Mr. BONNIE. I would that, you know, Congress, in the Charter Act of the Commodity Credit Corporation, has given USDA the authorities under it, and those are the authorities we used in rolling out the partnerships for climate-smart commodities. We have stuck

very close to make sure, in Charter Act 5(e) that we track the statute very closely. It is a commodity program that seeks to expand and create new markets for commodity. It comes right out of that language.

For that program we do not have any plans to expand it, and I would just say I think we will continue to use the authority that the Congress has given us through the Charter Act.

Senator GRASSLEY. Well, are you planning to use it for any other new programs, other than the one we have just talked about?

Mr. BONNIE. I will speak to my mission area, and we do not, at this point.

Senator GRASSLEY. Okay. Thank you.

Another one for you, Mr. Under Secretary. Since 2017, more than \$60 billion in ad hoc disaster assistance has been allocated to supplement crop insurance. If you remember, crop insurance was set up so that farmers would have some certainty and did not have to rely on Congress for disaster assistance. Crop insurance is already the most expensive farm program title outside of the nutrition title.

Do you have suggestions on how we can reduce the sheer size of taxpayer dollars that go to supplemental disaster programs?

Mr. BONNIE. I think we would welcome a conversation with all of you on that. As I noted before, we try and structure our ad hoc programs in a way that encourage folks to get either crop insurance or NAP, and we think that approach continues to be important.

Chairwoman STABENOW. Thank you very much.

Senator Klobuchar, and then we will turn to Senator Marshall.

Senator KLOBUCHAR. Thank you. I know you got, Mr. Bonnie, questions about the Federal crop insurance program, and it is such an important corner of our safety net. Any ideas you have—most farmers believe it is working well, but do you have ideas for change? Any ideas that you want to share to continue its effectiveness but also its affordability?

Mr. BONNIE. Yes. I think we will continue to look at ways that we can broaden the program, to get more producers in to create more tools, and hearing from all of you. From our producers is critically important to that.

Senator KLOBUCHAR. My staff recently went on an ag staff tour, and one issue that was raised was about the Emergency Relief Program, and they are grateful for the quick and effective approach taken during the implementation of ERP Phase One. A number of them have been less enthusiastic of the income tax-based approach taken during the rollout of ERP Phase Two.

Could you speak to any concerns you have heard and how it will inform any improvements we should make?

Mr. BONNIE. The goal in ERP Two is to make sure that we make assistance available to all those producers, including those producers who have not had access to crop insurance or NAP. The purpose here is to provide a revenue-based approach that can broaden the safety net to get all those folks in. That is what we are trying to do here. We are trying to open the doors up to make sure that all of agriculture can take advantage.

If, at the end of that, we have additional resources, then we can think about a shallow loss program to deal with some of the con-

cerns that I think your producers are raising. We are happy to look at that.

Senator KLOBUCHAR. Okay. Mr. Ducheneaux, we all know, Mr. Bonnie has talked about this, the effort to ease the burdens in applying for USDA programs. What steps is FSA taking to streamline and decrease the turnaround time for guaranteed and direct loan applications?

Mr. DUCHENEAUX. Thank you, ma'am. I appreciate the question. We recently announced that we went from a 29-page application down to a 13-page application. A couple of those pages are the legalese that we need to have on there, so we are down to about a 12-page application that really looks like a financial document instead of a narrative-based product. We are helping our producers get the right information to our staff so that we can ideally make more timely decisions.

I understand the importance of credit very deeply, being the child of the farm financial crisis from the 1980's, so I understand how important that is, and understand that a decision on credit too late is as bad as a denial. We really want to look at that.

Senator KLOBUCHAR. Thank you. Okay.

Mr. Bonnie, Senator Thune and I have recently introduced the Ag Innovation Act, which would help farmers determine the value of emerging conservation and production practices. Do you have an update on the status of the report that we included, a requirement in the 2018 Farm Bill?

Mr. BONNIE. I do not. I will be happy to get back with your staff on that. I would just say I really appreciate your leadership on this issue. It is critically important.

Senator KLOBUCHAR. Okay. Again for you, Mr. Bonnie. This is on dairy. Small and medium-sized dairy farms make up the majority, still, of dairy farms in the Nation. It is certainly true in my State. When evaluating dairy programs like the Dairy Margin Coverage Program what would be the most helpful to keep our small and medium-sized farms in business when we look at any policy changes?

Mr. BONNIE. I think it has been a really, really program. As I mentioned earlier, we try to update the prices to make sure it is as effective as we can and reflective of what producers are seeing on the ground and to provide supplemental questions as well. I think we would welcome a conversation with all of you to make sure it continues to work for our producers.

Senator KLOBUCHAR. Okay. Thank you. I appreciate your short answers. It just allows us to get into—you are not filibustering. It is like the best thing ever.

In last week's hearing your colleague, Under Secretary Taylor, Ms. Bonnie, confirmed that she would work together with you to maintain a stocks-to-use level in the United States between 13.5 and 15.5 percent, which provides for a reliable and stable supply of sugar to both consumers and food manufacturers. Do you feel that range represents an adequate supply for the U.S.?

Mr. BONNIE. I can give you a really short answer on that one—yes.

Senator KLOBUCHAR. Okay. Very good. Last, Ms. Bunger, thank you. Given the challenges producers, especially crop producers, have faced over the last five years, and the lessons we have learned

from the disaster assistance, some of it ad hoc, we have had some good experiences and bad in the Midwest but many good experiences as well. What recommendations do you have to improve crop insurance options for specialty crop growers?

Ms. BUNGER. I think the best way to get the most results is to engage with stakeholders. We see a significant amount of interest in our whole-farm revenue policy, with our RMA road shows, along with our microfarm, especially with the changes we have made to reduce the red tape when applying for those types of policies. We have increased the revenue limits for both of those. The RMA road shows have been very successful with getting that education out. We have seen now probably close to 1,000 people that have listened in and have really appreciated our efforts with that.

We are not going to try to fix anything that is broken at this point. We are going to continue our education efforts.

Senator KLOBUCHAR. Okay. Thank you. Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much.

As I turn to Senator Marshall I am reminded, I feel like I have been channeling our former Chair—well, not only the t-shirt but Senator Roberts as the father of crop insurance. I feel like he has been on my shoulder all morning, as I have been talking about the importance of crop insurance. You are welcome to say like 10 seconds about your shirt, if you would like to.

[Laughter.]

Senator MARSHALL. The Vikings won Super Bowl IV. The Chiefs won 23–7, not that I keep track of these things.

Okay. Yes. I can guarantee you Senator Roberts will be in front of the television Sunday, 6:30 p.m. Eastern, to watch the Chiefs win, 33–31. Chris Jones will be the MVP.

Chairwoman STABENOW. Oh, my gosh. There you have heard it, folks. All right.

Senator MARSHALL. You heard it here first.

Chairwoman STABENOW. All right. We will see about any bets. Okay.

Senator MARSHALL. Madam Chair, it is a pleasure to be here today. Make no mistake about it. This hearing on crop insurance and Title I funding is the No. 1 farm bill hearing we are going to have for producers in Kansas, that no doubt, without crop insurance, without Title I funding, many farmers would be out of business.

I want to take a moment and speak to all my other members across the aisle, and maybe some of their staff members who may be more from urban States, and talk about why crop insurance is so important to everybody in America. Think about school lunches. Think about our nutrition programs. Everyone has got a favorite memory of their school lunch. Madam Chairwoman, like I liked the chili, which was one of my favorites, chicken and noodles. Any favorites that were yours?

Chairwoman STABENOW. I do not know. I would have to think about it for a second here.

Senator MARSHALL. Well, you know, the great thing was when I was growing up I could count on, at a lunch, every time, that we would have rolls and whole milk. I would get two cartons of whole

milk and two rolls. The cinnamon rolls came with the chili. That was always good. There was a nickel worth of wheat to make a loaf of bread when I was growing up. A nickel's worth of wheat would make a whole stack of rolls, and today, still a nickel's worth of wheat will make a loaf of bread.

We used to get brownies too, on Fridays. I would suppose there was a nickel's worth of sugar in a tray of brownies growing up, and there is still a nickel's worth of sugar in brownies today, if kids still get brownies or not. I do not know.

My point is crop insurance and Title I funding are working to keep the cost of food down. Look at our SNAP program, the cost of it has gone up. We budgeted, I do not know, \$70, \$80 billion a year, and it may be \$130 billion this year. Without crop insurance, without Title I funding, that budget would be the roof as well, that allows farmers to stay in production, allowing them to produce next year's crop. I cannot stress enough how important crop insurance, Title I funding is to all Americans.

So a couple of questions, and these are probably more technical questions as well. The first one is for Under Secretary Bonnie. It has to do with LLCs. Since farming is an inherently risky business most accountants and attorneys would advise that businesses be structured as an LLC. Do you support including LLCs that are taxed as a partnership under the definition of a joint enterprise?

Mr. BONNIE. I think our response is to keep things the way they are. This is the way multiple administrations have dealt with this, and as we discussed earlier, there are some big implications for changes here.

Senator MARSHALL. Okay. The second question, for Administrator Ducheneaux. Let us talk about ELAP programs. This past year, we had a fire that went through a lot of our grasslands, literally clocked at moving at over 100 miles an hour. Some of our ranchers had some pasture land set aside to graze their cattle on this winter, and, of course, that was destroyed. Because the current ELAP program does not contemplate damage to stored forage outside of normal grazing seasons, would you support adjusting the regulations or statute to ensure future losses of such nature are covered?

Mr. DUCHENEAUX. Sir, we would sure welcome an opportunity to engage in some technical assistance on that to make sure we got it right. I had a chance to get out and visit a couple of those affected ranches out there in that part of the country and it was devastating. The grace that those folks showed hosting us, while waiting for assistance that had yet to get them, was really moving. We have got to be able to do a better job at that, and we look forward to working with you and your team to get there on it.

Senator MARSHALL. I do appreciate just the sense of community, people coming from all over the nature, bringing hay, bringing fenceposts, bringing barbed wire. We helped to collect some of those things. I appreciate you mentioning that as well.

The next one is for Administrator Bunger. The Federal Crop Insurance Board that is tasked with reviewing and approving new and improved policies has been shorthanded since early in this Administration's tenure and are still operating virtually. Can you tell

me when you expect to have these seats filled? When can we expect the board to begin working again fully in person?

Ms. BUNGER. Thank you for the question. Yes, we are currently in the process of reviewing two seats that are currently vacant. They are farmer seats. That is how I identify them. The board, in its current status, is very functional as it is. They continue to review all of the submissions as they come through. We have been maintaining the integrity of that process, and we hope to soon be able to fill those positions. The farmer seats are very critical when it comes to the makeup of that board.

Senator MARSHALL. You do not expect them to be working in person?

Ms. BUNGER. No, this next meeting they will be working in person. We are looking at both virtually and in-person, both ways, to have our FCIC board meetings.

Senator MARSHALL. Okay. Thank you. I yield back.

Chairwoman STABENOW. Thank you very much. Just for the record, anyone wanting to talk about the Eagles this morning will get equal time.

All right. Yes, Senator Hoeven, I know—oh, Senator Warnock. Good morning. I know you were presiding. I am so glad that you were able to join us. We all have multiple duties in the morning, so I am glad you are joining us, just in time for me to call on you. Senator Warnock.

Senator WARNOCK. Thank you so much. I know a little bit about multitasking.

Chairwoman STABENOW. Yes, exactly.

Senator WARNOCK. Thank you so very much, Madam Chair. Thanks to all of our witnesses who are here.

Georgia is known as the Peace State, and while we are very proud of the peaches we produce and are a leading producer of many other specialty crops like blueberries, watermelon, and Vidalia sweet onions. Fully vegetable growers in Georgia and throughout the Southeast have limited viable options when it comes to insuring their crops against natural disasters, and Georgia growers are already struggling with market challenges by lower-cost fruits and vegetables imported from other countries. USDA must do all that it can to provide these farmers with more certainty.

Administrator Bunger, from your perspective what are some of the unique challenges facing fruit and vegetable growers in Georgia and throughout the Southeast?

Ms. BUNGER. Thank you for the question. Like I mentioned earlier, my husband and I, being row crop farmers in the Dakotas over the last 27 years, crop insurance has been a cornerstone of our operation. It is my commitment that specialty crop growers, growers of vegetables, fruits, all too have the same type of policy so that they can experience the same levels of coverage.

So we continue to work and expand our programs. We have recently announced expansion with the revenue limits on whole-farm revenue protection, which would be a possibility for some of your growers, along with microfarm, where we have tripled the revenue limits on that. We have reduced the red tape for those types of poli-

cies to make it more accessible to specialty crop growers. We have recently introduced a strawberry policy that is now available.

We just continue to look toward the different avenues as ways to have policies come to all of the growers across the country, not just your traditional growers.

Senator WARNOCK. Do you think this will provide more cost-effective options for growers?

Ms. BUNGER. Yes. Whole-farm and microfarm are both revenue types of products that encompasses growers' small operations but at the same time their diverse operations.

Senator WARNOCK. Do you think it will enable some small and independent farmers, who would like to get in this specialty space—I have talked to some of them across Georgia—

Ms. BUNGER. Yes.

Senator WARNOCK [continuing]. do you think it will increase their ability to do something like that?

Ms. BUNGER. Yes, because we, too, also have beginning farmer components that offer some premium assistance. We also have the TOGA program with organics. Again, we just continue to look to you. We look through the 508(h) process with private submissions, and even internally within the Department to continue to expand policies for specialty crop growers.

Senator WARNOCK. Great. Thank you. This is something I have my eye on as we push forward toward a farm bill reauthorization. We want to make sure that our specialty crop growers have the protection they need. I am certainly looking forward to trying to limit risk and allow other people to get into that space so that we create some equity in the process and opportunity for new growers, and related to that, make sure that we have equity across the spectrum.

It is estimated that more than one-third of Southern Black-owned land is considered to be heirs property, property that is family owned land. It is passed down informally without a title or legal documentation. We all know the awful and sad history of this. These issues have not only harmed the ability of these families to build intergenerational wealth for centuries but also their ability to participate in USDA programs.

So the legacy itself of these heirs property issues then prevent folks from being able to access the very kinds of things that should be able to give them a leg up. However USDA still has more work to do to overcome years of institutionalized discrimination across the agriculture sector. For example, there are still no Black-owned community development financial institutions enrolled as an intermediary lender for the program, and it is undersubscribed.

Under Secretary Bonnie, how can the USDA work to better implement this program so that family farmers can successfully pass land down to their children and build intergenerational wealth?

Mr. BONNIE. I appreciate your efforts on this. This is a critical issue. I worked on this at the end of the Obama Administration in South Carolina, Georgia, and other parts of the country. We have got the Heirs Property Relending Program right now. We have got two organizations that have come in the door, and we are working on a third right now.



I might turn to my colleague, Zach, to talk, because he knows this issue well.

Mr. DUCHENEAUX. Certainly. I share the same background. Native American producers feel that same plight with fractionated land and inability to participate meaningfully in programs, so this one really strikes close to home to me as it does you, sir.

The heirship relending program is unique in that it also has technical assistance funding to help those producers meaningfully participate. One of the things that was a glaring void, to me, was the fact that there was not a Black-controlled CDFI in the ag industry, and we have worked closely with our cooperators, the Federation of Southern Cooperatives, the National Black Growers Council to help them understand the importance.

Senator WARNOCK. How can we improve this in the next farm bill? I am almost out of time and I just wanted to make sure we are speaking directly to that.

Mr. DUCHENEAUX. I will have to provide technical assistant on that, but I have a very good idea about how we could make that better.

Senator WARNOCK. Okay. Thank you so very much, Madam Chair.

Chairwoman STABENOW. Well, thank you. We very much want to hear that idea because this is a very, very important that we be able to improve this, so thank you very much.

Senator BRAUN.

Senator BRAUN. Thank you, Madam Chair. Mr. Ducheneaux, I have got to give you a heads up. Senators Stabenow, Boozman, and I passed the Growing Climate Solutions Act a long time ago, a landslide in the Senate, 92–8. That is as good as I have ever seen anything. It got held up in the House. It did go through. Is that on your radar for implementation? We spent a lot of time and energy to get it across the finish line and it finally happened not too long ago.

Mr. DUCHENEAUX. Yes, Senator. I appreciate the work on that. I remember hearing about that when I first got to town, how it had been pretty roundly supported in this house. I am glad it finally got all the way through.

The planning process for that is happening at the departmental and Under Secretary levels at this time, so I would defer on that to my partner, the Honorable Robert Bonnie.

Senator BRAUN. Mr. Bonnie.

Mr. BONNIE. I really appreciate your leadership on it. It is really important, and it dovetails well with other work we are doing at the Department to create value for producers for market-oriented, private sector investment in agriculture.

Both FPAC mission area as well as the Chief Economist's Office are engaged right now, along with the Secretary. It is a high priority. Already starting to think about the advisory committee. I know that was important to you in putting that legislation together. Work has started on it. It is a high priority and we will roll it out in the coming year.

Senator BRAUN. Well, very good. For the public that is not aware of what it does, it is a practical thing that basically matches up farmers' good stewardship using the portal of the Farm Service

Agency to get the certification for existing offset markets. It was a win-win and I think a great example of how we can do things here and not necessarily have a fiscal along with it of significance. Interesting, it barely made it through, so I guess praise the Lord there.

I have got a couple other questions for you, Mr. Bonnie. Recently we have seen the discussion of foreign-ownership of land. Indiana and 15 other States—and I think this crosses blue and red States—have put laws on the books to do what they think is important about weighing in on it.

I have got a bill called the Protecting America's Agricultural Land from Foreign Harm Act, and it would be to preclude it in the future from places like China, Iran, North Korea, and Russia. Then for those that have already got ownership, for them not to be able to participate in the farm programs.

Will the USDA be behind me and others on the effort to get this legislation through?

Mr. BONNIE. I certainly would not commit the Administration or the Department to it. We obviously welcome the opportunity to provide technical assistance. I will say there was an earlier conversation I am not sure you were here for about the resources that we need to be able to track this through AFIDA.

You are a forest owner. I am a forest owner. There are 40 million acres in the U.S. that have ties to foreign ownership. About half of that is forest land, and as we know, a lot of that investment is from European countries. They are investing in TIMOs and REITs.

So, you know, a note of caution. We need to make sure we think about those issues as well.

Senator BRAUN. I think there it would be to have a differentiation from business owners and partners that are not in the same category as some of the places I mentioned.

When I travel I am one of the few still, to the extent you can be involved—I think Senator Tester actually drives a tractor in his spare time. I do but I am not putting a crop in the ground—but both tree farming and the row crop side of it. For the folks out there that are producing corn, soybean, grains, that has become a high-altitude business. I have never seen a business where when revenues go up, just mysteriously inputs seem to go right up with them and squeeze out whatever percentage profit should be there to where sometimes it is even hard to scratch an absolute profit out of the picture.

One thing, again, they are good stewards, and they want to make sure that they are never going to have the safety net program that they depend on, which is a small part of the money that we spend on the farm bill, tied directly to having to be forced into conservation practices, which they do voluntarily. Just the reference I made earlier, they are doing that and now we maybe can get some help with the offset markets.

Where are you going to be on making sure that that never gets connected to where you are going to get this only if you do that?

Mr. BONNIE. Our approach to climate, and conservation more broadly, is going to be voluntary, incentive-based, collaborative. We look for opportunities to work with producers. That is going to cut

across everything we do. We think if it does not work for agriculture and forestry it is not going to work for the environment.

Senator BRAUN. You are saying that, it sounds you would never be for something where you are tying it as a condition for your safety net?

Mr. BONNIE. I mean, we obviously have compliance and crop insurance and FSA programs. We think that is a good approach. Beyond that, our approach on these issues is going to be one that is about voluntary stewardship.

Senator BRAUN. Thank you.

Chairwoman STABENOW. Thank you very much. I do know that there is a vote going on. I am going to turn to Senator Hoeven, and then if Senator Welch is back with us we will hear from him as well and then close out the hearing. Senator Hoeven.

Senator HOEVEN. Thank you, Madam Chair. Thanks to you and the Ranking Member for calling this hearing. Thanks to all three of you for being here. Also, having worked with all three of you, thanks for what you are doing on behalf of farmers. I appreciate it. We have come to you and asked for help, and it has not always been exactly what we want but you are working hard and trying to work on these things with us. That matters. Even if we do not get exactly what we want, which of course we never do, if you are working and you help us and we make some progress, it makes a huge difference, and you have all done that. We appreciate that as we go into the farm bill. That attitude and that willingness to work together is incredibly important. I want to express my appreciation up front for that approach.

Secretary Bonnie, you were out recently working on a number of things, and in terms of the sugar program it is incredibly important that we enforce those TRQs. I think it was good you got a better understanding of the sugar program while you were out there. Are you committed to continuing to do that, like we discussed?

Mr. BONNIE. Yes.

Senator HOEVEN. Then the crop insurance, if we do, in the farm bill, the best possible job on the farm bill, and on the counter-cyclical safety net, ARC and PLC, we put ourselves in a position to reduce the need for ad hoc disaster packages. Are you committed to working with us to make the crop insurance and the safety net as strong as possible and with flexibility? If we do that well, it would make a huge difference for the next five years, not just for our farmers and ranchers. Of course, everybody benefits. Every American benefits, every single day, from the highest quality, lowest cost food supply that our farmers and ranchers provide. We are doing something for every single American. If we do a good job on that—and it is the most cost-effective way to do it as well, so we are not having to do more of these ad hoc disaster packages.

I would ask that question. Are all three of you committed to those two priorities in the farm bill?

Mr. BONNIE. Yes.

Ms. BUNGER. Yes.

Mr. DUCHENEAUX. Yes, sir.

Senator HOEVEN. Then, Secretary Bonnie, WHIP+ ERP has been really helpful, and ELRP, for the livestock administrator, thank you to you as well. Your second iteration is not working as well as

ERP I. Both are WHIP+ based. That is the underlying legislation, which we worked to pass, but Version Two needs some work. We need to adhere more to Version One, based on the feedback we are getting from the farmers.

Mr. BONNIE. Yes, so I mentioned this earlier, and I will turn it over to Zach in a second. Our approach on ERP II is to make sure we get those producers who did not have access to crop insurance, did not have access to NAP. We think that revenue-based approach does that. We think it will bring in new customers.

As I noted earlier, if there are resources left over for a shallow loss program, which I think some of the concerns that we are hearing are talking about, we are happy to look at that. We think this approach allows us to get more producers in.

Senator HOEVEN. Well, I understand that, and I understand there are some funding issues, the dollars relative to the need in WHIP Two. We are getting a lot more pushback, so I just wanted to report that to you. I mean, you all call it ERP now, but it is all WHIP+. It is fine. We need to do some more back-and-forth work on that, I think. I get it. I get some of the constraints in Version Two and I did talk to the Secretary about it as well.

Commissioner Ducheneaux, again, a big thanks to you on our livestock programs, and your willingness to work together has been really good. What improvements do we need to make for our—I mean, I have some ideas as far as—we need to take some of these programs that we have for livestock, whether it is LIP, ELAP, a number of them, and also in the farm bill figure out how we strengthen them, enhance them, put some flexibility in them, update them for current times. Same thing. It will reduce the need for disaster assistance down the line. That helps our ranchers. That helps the taxpayers.

So what are your thoughts there in terms of what we can do as far as strengthening those programs?

Mr. DUCHENEAUX. One of the things we hear from stakeholders when we go around the country, sir, and we heard it in North Dakota during the drought tour, is our livestock programs lag behind our crop programs a little bit, just by virtue of being newer—

Senator HOEVEN. Exactly.

Mr. DUCHENEAUX [continuing]. so there is room to evolve. We really appreciate, you mentioned earlier, the flexibility that we are offered because that lets us find that solution in a more timely manner, and it has enabled us to work closely with your staff, for instance, on ELAP, to address the length of the hauls that our producers were having to make to mitigate drought impact. That flexibility in the programs is every bit as important.

Another of the strengths of those programs is they are funded through the Commodity Credit Corporation (CCC), which allows us to, again, make more timely decisions.

Senator HOEVEN. Right, and we work with that on Ag Approps, so I appreciate that. Senator Tester and I have some legislation that will help in this area as well, bipartisan legislation.

Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much, and thanks to all of you. We have covered a lot of ground today. These farm bill in-

vestments, we know, are much needed risk management tools, so we look forward to you as we move forward.

I do want to just say, we have a member of our Committee, Senator Fetterman, who went to the hospital last night but all looks well. It looks like he will be released today. Of course, our prayers are with him for what we hope is a very brief visit in the hospital.

Thank you so much and the meeting is adjourned.

[Whereupon, at 11:26 a.m., the hearing was adjourned.]



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# **A P P E N D I X**

FEBRUARY 9, 2023

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**Testimony of Robert Bonnie**  
**Under Secretary for Farm Production and Conservation**  
**U.S. Department of Agriculture**  
**before the**  
**Senate Committee on Agriculture, Nutrition, and Forestry**  
**February 9, 2023**

Chairwoman Stabenow, Ranking Member Boozman, and Members of the Committee, thank you for the opportunity to speak with you today about the continued importance of the 2018 Farm Bill programs for American agriculture, and the challenges our producers continue to face, as you begin your consideration of a new Farm Bill.

My name is Robert Bonnie, and as the Under Secretary for the Farm Production and Conservation (FPAC) mission area, I have the honor to work with USDA's producer-facing agencies as we partner with farmers, ranchers and forest owners to strengthen American agriculture together. All four FPAC agencies – the Farm Service Agency (FSA), the Risk Management Agency (RMA), the Natural Resources Conservation Service (NRCS), and the FPAC Business Center (FPAC BC) – are engaging producers in new and more effective ways, streamlining the delivery of our programs, opening the doors of agriculture to all, and providing a more effective and holistic farm safety net than ever before.

Under the leadership of the Biden-Harris Administration and Secretary Vilsack, USDA has been hard at work to address the challenges our farmers face every day. When a producer needs service or assistance, they often turn to FPAC first. Whether they are working to recover from a natural disaster, figuring out how to finance their operation, developing a plan to manage their risk, or seeking new ways to earn their fair share of the food dollar by accessing new and better markets, farmers can rely on FPAC programs and professionals.

Farming and ranching is hard work. Even with record farm incomes this year, small farms, which comprise 89% of all farming operations, often relied on off-farm income to meet the needs of their families — and there are still far too many barriers to entry for small, new, and beginning farmers. This is precisely why FPAC is joining the other agencies of USDA to help producers increase their revenue sources and income opportunities so their operations – and the agricultural economy – can become more sustainable, resilient, and profitable. Through our efforts to build markets for climate-smart commodities, create new and better tools to manage risk to crops and revenue, take proactive steps to improve access to our programs, and increase our support for working lands conservation practices, we are helping farmers create a more resilient agricultural economy that can weather the challenges of the twenty-first century.

My testimony today focuses on (1) delivery of farm programs, (2) keeping families on the farm by targeting disaster programs based on need and through improved farm loan program, (3) reducing burdens to producers to participate in USDA programs, (4) building a producer-led, voluntary, incentive-based approach to encourage climate-smart agriculture and forestry, and (5) strengthening FPAC's work through collaboration.



I look forward to providing the Committee an update on how our Farm Bill programs are working in agricultural communities across the country and sharing insights on how implementation of additional flexibilities and new tools have benefitted the farmers, ranchers, and producers we all serve.

### **Delivering Our Programs**

Safety net programs continued to offer a vital lifeline to producers affected by damaging weather and market changes. FSA and RMA are delivering these programs to provide timely support to producers of more crops than ever, while expanding options for producers to address immediate and emerging situations such as drought, flooding, and freezing weather.

#### *Farm Programs*

The 2018 Farm Bill strengthened the programs that FSA delivers to producers, giving them the tools to succeed in feeding and clothing the world.

Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of noninsurable crops when low yields, loss of inventory, or prevented planting occurs due to natural disasters. This program provided more than \$134 million to producers in Fiscal Year (FY) 2022. FSA recently announced it will provide basic NAP coverage and waive the NAP service fee for eligible producers who have a CCC-860, which is our Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification, on file prior to the applicable NAP application closing date. It is USDA's hope that this key update will broaden the program's reach and ensure that NAP remains an accessible means of assistance for producers for generations to come.

FSA has also made several changes to our livestock programs to assist producers suffering from adverse weather events. For the Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program (ELAP), an FSA policy change now makes food fish and other aquatic species eligible for ELAP. Previously, only farm-raised game and bait fish were eligible for assistance. In response to drought conditions, FSA updated the ELAP regulations to help cover the cost of transporting feed for livestock that rely on grazing and cover above normal costs of hauling livestock to forage or other grazing acres.

For the Livestock Indemnity Program (LIP), FSA updated the payment rates to better reflect the true market value of non-adult beef, beefalo, bison, and dairy animals and added *Mycoplasma bovis* as an eligible bison disease in 2022 and future years.

For ELAP, LIP, and the Livestock Forage Program, FSA expanded eligible livestock to include horses maintained on eligible grazing land. Many family farms and ranches use their forage to raise horses to augment other agriculture endeavors and USDA recognizes that animals maintained in a commercial agriculture operation add value to the operation and could be available for marketing from the farm. By the close of FY 2022, ELAP provided more than \$214 million and LIP provided nearly \$17 million to adversely impacted producers.

In additional safety net support, FSA provided more than \$2.2 billion in FY 2022 in critical support through the Agriculture Risk Coverage and Price Loss Coverage programs to mitigate fluctuations in either revenue or prices for certain crops; \$3.4 million in financial assistance to qualifying orchardists and nursery tree growers through the Tree Assistance Program; and \$13.9 million in support to owners of non-industrial private forests through the Emergency Forest Restoration Program.

#### *Dairy Programs*

Dairy Margin Coverage (DMC) offers reasonably priced protection to dairy producers when the difference between the all-milk price and the average cost of feed falls below a certain level selected by the program participants. By providing flexible coverage options, DMC was crafted to better target small- and mid-sized dairy producers.

In 2021, DMC payment triggered for 11 months and paid enrolled producers a total of \$1.18 billion with an average of \$61,914 per operation. In 2022, DMC payments fell to \$79.2 million due to record high milk prices.

Ahead of the 2022 DMC signup, FSA made key improvements to DMC using pandemic supplemental funding (CAA source) by expanding the program to allow dairy producers to better protect their operations by enrolling supplemental production. Supplemental DMC provides \$580 million to better help our small- and mid-sized dairy operations that have increased production over the years but were not able to enroll that additional production. Eligible dairy operations with fewer than five million pounds of established production history can now enroll supplemental pounds based on a formula using 2019 actual milk marketing, which are resulting in additional payments. Supplemental DMC coverage is applicable to calendar years 2021, 2022, and 2023, which means that participating dairy operations with supplemental production history have been able to receive retroactive supplemental payments for 2021 in addition to payments based on their established production history. Since Supplemental DMC was created to allow farmers to bring additional production into the program, 2,400 farmers have added over 3 billion additional pounds of production to DMC coverage.

In addition to implementing Supplemental DMC, FSA updated the DMC and Supplemental DMC feed cost formula to better reflect the actual cost dairy farmers pay for high-quality alfalfa hay. FSA now calculates payments using 100 percent premium alfalfa hay rather than 50 percent. Using pandemic emergency funding, the alfalfa feed cost change was retroactive to January 2020 and provided additional payments of 100 million dollars for 2020 and 2021. Changes to the calculation of feed costs, specifically high-quality alfalfa, have put approximately \$115 million in additional funds into the pockets of farmers.

#### *Crop Insurance*

RMA leveraged the tools in the 2018 Farm Bill to expand crop insurance to more crops and producers. Through a series of stakeholder engagements, RMA was able to learn about the needs of specialty crop and underserved producers, which led to the development of a new nursery policy that is easier for producers to access and for insurance companies to sell and service; a new policy for strawberries in Florida and California; several modifications to the

Whole Farm Revenue Protection Program to expand eligibility limits and provide more coverage for organic and livestock producers; and to a new Micro Farm Policy targeted at providing crop insurance for smaller producers who sell locally, such as to farmers markets.

RMA also updated cover crop guidelines so that producers know that insurance will attach at the time of planting the insured crop and that cover crops are covered by Good Farming Practice provisions as directed in the 2018 Farm Bill. These changes will give producers the confidence to undertake voluntary conservation practices, accounting for advances in cover crop practices, without impacting their crop insurance coverage and allow producers to hay, graze, or chop their cover crop at any time and still receive 100% of a prevented planting payment.

In partnership with Approved Insurance Providers, RMA provided almost \$175 billion in total risk protection for American farmers and ranchers and delivered almost \$16 billion in indemnities to producers during crop year 2022. This includes over 1 million policies for more than 600 types of crops covering nearly 500 million acres. This public-private partnership provides important risk management and peace of mind for producers while achieving an improper payment rate of just 2.58 percent. This low error rate is due in large part to RMA's rigorous analysis and identification of root causes and the continuous dialogue between RMA, industry, and producers so that similar errors can be avoided in the future.

RMA has made it a priority to design policies that pay producers promptly. For example, RMA's Hurricane Insurance Protection – Wind Index for the Gulf Coast, Eastern Seaboard, and Hawaii provides prompt payment to producers when a hurricane hits. In three years, policy has paid almost \$450 million to producers, covering over a dozen hurricanes. This policy has proven so successful that RMA is looking to expand options to other named tropical storms in the near future.

Similarly, for those experiencing dry conditions, the Pasture, Rangeland, and Forage program now has more than 250 million acres insured — compared to less than 100 million in 2018. The new dual option that allows producers that grow crops that are grazed and mechanically harvested on the same acres to have two separate insurance policies has more than doubled the acreage now insured under the Annual Forage program. Annual Forage is designed to protect against lack of precipitation, a vital safety net program in a time of increasingly frequent and severe drought.

One notable feature of the Federal crop insurance program is the “508(h)” process. This process allows stakeholders, private insurance providers, RMA, and the Federal Crop Insurance Corporation Board of Directors (who broadly represent the government, farmers, and the insurance industry) to come together to develop new, innovative, and financially sound policies and plans of insurance to meet the needs of farmers and ranchers. It is through this partnership that almost 40 new insurance products have been developed to further strengthen the Federal crop insurance program. This process has been particularly important for producers who had limited crop insurance options for their operations and has led to the creation of popular programs like Livestock Risk Protection, Dairy Revenue Protection, and the Enhanced Coverage Option.

Finally, in response to the Russian invasion of Ukraine, RMA increased the number of counties eligible for double cropping insurance, boosting food production by allowing more farmers to plant a second crop on the same land in the same year, such as wheat that is then followed by soybeans. This type of farming can be risky, and insurance gives these farmers financial security to expand the practice. At the same time, double cropping has the potential to improve farmer bottom lines while providing significant environmental gains as well.

### **Keeping Farmers Farming Through Holistic Disaster Assistance and Support for Distressed Farm Loan Borrowers**

#### *Disaster Assistance*

FPAC has also risen to the challenge as the pandemic continued to disrupt operations, markets, and lives across the countryside. Our Pandemic Assistance for Producers initiative filled gaps in previous assistance, making sure that USDA was reaching a much broader set of producers, including those in underserved communities, small- and medium-sized producers, farmers and producers of non-commodity crops, and other agricultural businesses. This initiative also provided an opportunity for the Department to evaluate and adjust how it delivers programs based on feedback from the agriculture industry.

Early in 2021, USDA paused the Coronavirus Food Assistance Program (CFAP) 2 briefly to make significant improvements to the program and to better meet the needs of producers and industries left out of earlier pandemic assistance programs. This included a \$4.7 million investment to establish partnerships with organizations to provide outreach and technical assistance to underserved producers leading to a fourfold increase in participation by underserved producers when the program reopened in April 2021. Just last month, we also FSA announced that it would be making automatic Coronavirus Food Assistance Program 2 (CFAP 2) top-up payments to underserved producers.

In addition to making substantial improvements to CFAP 2, USDA created several new pandemic assistance programs to support those producers who experienced substantial losses due to the pandemic but who had not been included in previous rounds of assistance. FSA focused on making sure the assistance it provided with these updates helped address every producer's true, comprehensive losses. This meant creating new programs to support transitioning organic producers, cotton and wool apparel manufacturers, biofuel producers, producers who sold hogs through a spot market sale, livestock producers impacted by insufficient access to processing, timber harvesting and hauling businesses, dairy farmers who received a lower value due to market abnormalities, and more. It also meant reimagining and improving our approach to disaster assistance.

To expedite the distribution of the \$10 billion in emergency relief funds provided by the Extending Government Funding and Delivering Emergency Assistance Act of 2021, FSA and RMA leveraged existing data to streamline an application process and get money to producers faster than previous ad hoc programs without burdening producers. In collaboration with the FPAC BC, FSA and RMA created prefilled applications which allowed FSA to quickly assist

producers in need. As of December 31, 2022, FSA processed more than 100,000 applications totaling nearly \$670 million in payments to livestock producers and more than 255,000 applications totaling over \$7.2 billion in payments to commodity and specialty crop producers to help offset eligible losses from qualifying 2020 and 2021 natural disasters.

The design of Phase One of the Emergency Livestock Relief Program (ELRP) and Phase One of the Emergency Relief Program (ERP) allowed for an expedited process that is estimated to have saved staff over a million hours of staff and farmer time. FSA was able to begin disbursing payments to producers within days of rolling out each program, a stark contrast to the lengthy applications and processing times required when payments were made under the previous ad-hoc disaster program known as Wildfire and Hurricane Indemnity Program — Plus (WHIP+). FSA county offices can process almost nine ERP applications in the time it took to process one application for WHIP+, which equates to 88% less time to process applications.

These process improvements also enhanced the customer experience for farmers by reducing the number of producer trips to FSA county offices, allowing producers to spend less time completing forms so they could focus more on their farming operations. In addition, the ERP program design greatly diminished the potential for errors and leveraged the existing RMA and Federal Crop Insurance loss adjustment data as part of the verification processes. With more applications approved, more dollars distributed, and more dollars paid per application in a shorter timeframe, the streamlined application process has been immensely successful.

Last month, the Secretary also announced the second phase of ERP, along with the Pandemic Assistance Revenue Program (PARP), both of which will fill any remaining gaps in previous assistance. ERP helps producers who suffered crop losses due to wildfires, hurricanes, floods, derechos, excessive heat, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, and qualifying droughts occurring in calendar years 2020 and 2021. Phase Two will cover gaps not covered by Phase One of ERP announced in May 2022.

Meanwhile, PARP provides new, broader and more equitable opportunities for farmers, ranchers and producers impacted by the coronavirus pandemic. PARP helps producers of agricultural commodities who had a 15% or greater gross revenue decrease in 2020, compared to 2018 or 2019. Prior pandemic assistance was targeted to individual crop price declines or limited market access, rather than overall revenue losses in 2020, thus, leaving significant holes in coverage.

Through these new revenue-based programs, FPAC is working to address producers' true losses and make sure they can keep farming into the next growing season, despite the many challenges they have faced these past years.

#### *Assistance for Distressed Borrowers*

When it comes to keeping farmers farming, USDA has also taken significant steps to support the producers who rely on our farm loan programs.

Farm loans were especially critical this past year as producers struggled with rising interest rates, pandemic-driven supply chain issues, increased input costs, rising farmland prices for those who want to start or expand their operation, and climate-induced natural disasters. These challenges pose an even greater hurdle for underserved producers, including beginning and veteran producers, along with producers working to find ways to diversify and add value to their operations. These are the producers who make up the vast majority of the approximately 115,000 direct and guaranteed farm loan borrowers with more than \$32 billion in loans.

In 2022, total farm loans equaled \$5.8 billion, down from a high in 2020 of \$7.2 billion. This includes \$3.2 billion for beginning farmers and ranchers, who represent two-thirds of all borrowers. Direct Farm Ownership loans totaled \$1.8 billion and Guaranteed Farm Ownership Loans totaled \$2.4 billion.

Thanks to the work of Congress and the passage of the Inflation Reduction Act, FSA was able to provide once-in-a-generation assistance to keep our borrowers on their operations. Section 22006 of the Inflation Reduction Act included \$3.1 billion to help ease the burdens of the past years for distressed borrowers. Under this provision, producers with qualifying USDA farm loans received nearly \$800 million in assistance and we have outlined steps to administer up to an additional \$500 million. Approximately 11,000 delinquent direct and guaranteed borrowers had their accounts brought current since USDA's announcement in October 2022. USDA also paid the next scheduled annual installment for qualifying direct loan borrowers giving them peace of mind in the near term while loan modifications and other payment options are considered. Approximately 2,100 borrowers who had their farms foreclosed on and still had remaining debt have had this debt resolved to cease debt collections and garnishment relieving that burden.

USDA is also initiating two case-by-case processes to provide additional assistance to farm loan borrowers. Under the first new process, FSA will review and assist with delinquencies from 1,600 complex cases, including cases in which borrowers are facing bankruptcy or foreclosure. The second process will add a new option using existing direct loan servicing criteria to intervene more quickly and help an estimated 14,000 financially distressed borrowers who request assistance to avoid even becoming delinquent. USDA will also be administering up to \$66 million in separate automatic payments, using COVID-19 pandemic relief funds, to support up to 7,000 direct loan borrowers who used FSA's disaster-set-aside option during the pandemic to move their scheduled payments to the end of their loans.

### **Reducing The Burden for Producers**

#### *FSA Field Operations*

FSA Field staff worked face to face with farmers and ranchers to ensure program benefits were processed and paid promptly while implementing the 2018 Farm Bill. During the COVID-19 pandemic, staff dealt with an increased volume of existing program applications and new program implementation while ensuring their own safety and that of the customer. Indeed, throughout the pandemic the FPAC Business Center Homeland Security Division worked across the mission area and with the Secretary's office to ensure both customers and employees were safe when visiting any of our state or county offices, adjusting guidance daily to balance risk and to optimize in-person staffing. Together, FPAC and USDA delivered programs amid the

pandemic while developing the first USDA Workforce Safety Plan protecting more than 100,000 employees and implemented the first facility staffing standards in Federal government based on COVID risk at the county level.

FPAC used new processes and technology to complete farmer and rancher requests in a way that took fewer steps for the farmer and less time to deliver results. This included expanded use of digital signatures, remote workload processing, and a centralized call center staffed with employees who were readily available to assist customers virtually. These improvements allowed farmers and ranchers to spend less time traveling long distances, taking them from their businesses, and also provided much-needed flexibility to engage with the agency on their schedule.

A well trained and robust field staff is essential to providing the service our producers deserve, whether in person or virtually. FSA Field Operations prioritized hiring staff in county office locations while taking steps to address systemic concerns with recruitment and retention. FSA has significantly increased use of recruitment, relocation, and retention incentives to improve recruitment and retention of high caliber employees. In FY 2022, FSA issued 334 student loan repayments to employees who, in exchange, entered into 3-year service agreements with the agency. FSA has been addressing concerns for entry and mid-career pay while working toward fully staffing offices. Through focused recruitment and outreach efforts to minority serving institutions, FSA also saw an 81 percent increase in diversity hires in county office staff in FY 2022 as compared to FY 2021.

#### *Farm Loan Programs*

FSA launched the Loan Assistance Tool in Fall 2022 to help farmers and ranchers better navigate the farm loan application process. FSA experiences a high rate of incomplete or withdrawn applications, particularly among underserved customers, due in part to a challenging and lengthy paper-based application process. The Loan Assistance Tool helps ensure loan applicants fully understand the application process and gather the correct documents before they begin the process. This will then help them prepare and submit their loan applications, which is expected to improve customer experience and reduce the number of incomplete, rejected, or withdrawn applications.

The tool mimics the support an applicant would receive when completing a loan application in person with a Farm Loan Officer by helping them assess their eligibility before beginning the application process, directing them to the appropriate loan types for their situation, providing a comprehensive documentation checklist noting what should be gathered before beginning the loan application process, and assisting them with the completion of all appropriate loan application forms while minimizing duplicate information requests.

The launch of the Loan Assistance Tool is the first of several farm loan process improvements that are part of Farm Loans' broad IT Modernization Initiative to replace paper-based and manual processes with efficiencies and automation that will benefit customers and employees. Planned improvements include the replacement of a 50-year-old COBOL based accounting system that interrupts daily operations and inhibits implementation of new programs and process improvements. Other farm loan improvements and tools that Farm Loans intends to roll out in

2023 include an interactive online direct loan application that gives customers a paperless and electronic signature option, along with the ability to attach supporting documents such as tax returns and an online direct loan repayment that relieves borrowers from the need to call, mail, or visit a local service center to pay a loan installment. These improvements will return valuable time to producers and farm loan officers alike.

Later this year, Farm Loan Programs also intends to publish a simplified direct loan application. Written in plain language and reduced from ten forms to one, and from 29 pages to 13 pages, the new form is intended to streamline and simplify the loan application process. The new form will be published in the Loan Assistance Tool as a fillable form and with easy-to-understand instructions and navigation options. A printed version of the form will also be available to farmers at their local county office. Development of this new form will fulfill Executive Order 14058, [Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government](#), which requires the Secretary of Agriculture to design and implement a simplified direct farm loan application process.

These tools will improve program delivery by providing a more modern customer experience such as the experience offered by commercial banks.

#### *Taxpayer Education*

Taxpayer education has also been a longstanding issue in the agricultural community. There is a dearth of preparers in rural areas, many producers are not knowledgeable about agricultural taxes, and many do not have the experience or resources necessary to integrate tax planning into their farm financial planning process. FSA is leading USDA's Taxpayer Education and Asset Protection initiative by supporting the creation of educational agricultural tax materials and the establishment of a network to deliver education on these topics. Through this holistic approach, FSA is taking steps to make producers aware that receiving funds from USDA through disaster payments and debt relief loan payments, for example, creates a tax liability for their farm business.

FSA has partnered with key stakeholders to deliver training to tax attorneys, tax preparers, land grant and extension faculty, NGOs as well as to farmers and ranchers themselves. FSA is also leveraging this initiative to facilitate the delivery of Heirs Property resources and estate planning training to farmers and ranchers because tax and legal issues often go hand in hand for underserved producers. Through this initiative USDA seeks to empower farmers and ranchers in their financial decision making while ensuring they can protect their farm assets and transfer them to the next generation.

#### *Producer Engagement*

Throughout the past year, the FPAC BC increased the resources available to all producers and agricultural organizations to engage with information vital to the success of their operations. More than 200 new webpages were built on farmers.gov to highlight priority programs, deadlines and opportunities, and included Spanish translations of the farm loan discovery and



service center locator tools. Resources were organized to make searching easier for producers including those from the beginner, small-scale, urban, organic, women, youth, non-English speaker and LGBTQ+ communities. Currently, the FPAC BC is developing a webpage for Tribal producers to increase their awareness of our programs in general and those geared toward them in particular.

FPAC also expanded features for producers who log into their farmers.gov profiles. FPAC BC streamlined the process for producers and partners to access and conduct business with USDA in the internal portal side of farmers.gov. A new feature allows individuals or entities to act on behalf of other individuals or entities. Also, producers can now access farmers.gov on any device, including cell phones and tablets. Efficiency in communicating with customers through farmers.gov has improved collaboration with our producers while delivering services to the broadest audiences ever. For example, NRCS customers can fill out a standard application for access to most farm bill conservation programs, receive e-mail notifications, view payments, and request technical assistance from a local field office, reducing confusion and wait time to sign up for assistance.

#### *Crop Insurance*

In a similar endeavor, RMA has made several recent changes to ease the burden of buying crop insurance and to make the program enticing to more producers. RMA updated the cover crop guidelines so producers are aware up front that insurance will attach at the time of planting the insured crop and that cover crops are covered by Good Farming Practice provisions, proactively clarifying common issues with their coverage. RMA made additional modifications to keep up with cover crop advancements and now allows producers to hay, graze, or chop their cover crop at any time and still receive 100 percent of a prevented planting payment.

For Whole Farm Revenue Protection (WFRP), RMA now allows a producer to report and self-certify yield at the beginning of the year for commodities without other insurance options in a way similar to those with individual crop policies. This will significantly reduce the amount of paperwork required to apply for WFRP. RMA also eliminated expense reporting to reduce further paperwork for producers. In place of expense reporting, WFRP will reduce the expected revenue of commodities a producer is unable to plant to 60 percent, comparable to prevented planting for other programs.

Recognizing the practical reality that farms often cross county lines and insurance should accommodate that, producers can now insure land in multiple counties through Multi-County Enterprise Units.

#### **Developing a Voluntary, Producer-led Approach to Encourage Climate-Smart Commodity Production**

##### *Partnerships for Climate-Smart Commodities*

Agriculture not only is impacted by climate change but has significant potential to reduce greenhouse gas emissions and sequester carbon in soils and vegetation with the right set of

incentives. In addition, many climate-smart agricultural practices can improve agricultural and forest productivity. USDA is committed to an approach to climate-smart agriculture and forestry that is voluntary, incentive-based, collaborative and that expands and creates new markets for climate-smart commodities and GHG reductions that reward farmers, ranchers and forest owners for their stewardship.

There is strong and growing interest in the private sector and among consumers for food that is grown in a climate-friendly way, creating a major market opportunity for climate-smart agriculture. In response to this demand, Secretary Vilsack recently announced an investment in partnerships to support climate-smart farmers, ranchers, and forest landowners through the Partnerships for Climate-Smart Commodities. The effort will finance the production of climate-smart commodities through partner-led pilot and demonstration projects that help expand and create markets for climate-smart agricultural commodities that will provide new sources of revenue for producers.

On September 14, 2022, USDA announced funding of approximately \$2.8 billion for 70 projects selected from the first funding pool, which received over \$18 billion in total project requests for projects between \$5 million to \$100 million. Then, on December 12, 2022, USDA announced additional funding of approximately \$325 million for 71 projects under the second funding pool, which received over \$2 billion in proposals for projects from \$250,000 to up to \$5 million.

Proposals for the 141 selected projects include plans to match on average 50 percent of the Federal investment with nonfederal funds. USDA received over 1,000 proposals from more than 700 groups, including nonprofit organizations; government entities; farmer cooperatives; conservation, energy, and environmental groups; State, Tribal and local governments; universities (including minority-serving institutions); small businesses and large corporations. Applications covered every State in the nation as well as tribal lands, D.C., and Puerto Rico.

USDA anticipates the projects will result in expanded markets and revenue streams for producers and commodities across agriculture and forestry ranging from traditional corn to specialty crops. This effort will impact over 60,000 farms, encompassing more than 25 million acres of working land engaged in climate-smart production practices like cover crops, no-till, nutrient and manure management, as well as pasture and forest management.

#### **Strengthening Resiliency through Collaboration and New Communities**

FPAC has partnered within USDA and with other Federal partners to expand the reach of our programs to new audiences, building a more resilient agricultural community. Through formal partnerships, as well through greater engagement with the producers we serve and their organizations, we have expanded programs in more targeted and effective ways than ever before.

#### *FSA Outreach*

Through staff engagement in the in the Service Centers across the country and the efforts of leadership in the state and national offices, FSA's outreach and partnership work continues to grow. There were 7,461 outreach activities in 2022, a 38 percent increase from last year's 5,399 outreach activities. These activities include talking with producers in a townhall setting, hosting

technical assistance workshops to help producers apply for our programs, and holding webinars and office hours to help stakeholders working with farmers navigate our programs. For 2023, FSA staff look forward to further increases in outreach, education, and technical assistance opportunities.

#### *Urban Agriculture*

As directed in the 2018 Farm Bill, the Farm Service Agency (FSA) has been working in collaboration with the Natural Resources Conservation Service (NRCS) and the Office of Urban Agriculture and Innovative Production (OUAIP) to stand up pilot Urban and Suburban County Committees (UCOCs) in 17 urban areas across country. The agencies plan to announce additional pilot UCOC locations in early 2023. To demonstrate USDA's commitment to serving urban producers, FSA, NRCS, and OUAIP have been working to establish brick and mortar USDA urban service centers (USCs) in each location selected for UCOCs.

#### *Heirs' Property*

Efforts to expand partnerships and support farmers and ranchers are extensive and will continue this year through cooperative agreements and grant opportunities. For example, the Socially Disadvantaged Farmers and Ranchers Policy Research Center at Alcorn State University continues to lead the development and implementation of the heirs' property and fractionation issues training curriculum targeted to Socially Disadvantaged Farmers and Ranchers, who are disproportionately impacted by heirs' property and fractionation issues. The Federation of Southern Cooperatives/Land Assistance Fund has been conducting outreach and technical assistance on the Heirs' Property Relending Program (HPRP) to ensure eligible heirs learn about the program, receive programmatic and general support when applying to the HPRP, and provide assistance to individuals working to resolve title issues to their heir's property to support their access and participation in the HPRP program.

#### *Farm Stress*

In 2019, FSA partnered with NIFA, Michigan State University, and the North Central Regional Center for Rural Development to develop resources to support Farm Service Agency employees in working with distressed producers. This partnership resulted in the development of farm stress, mental health, and suicide prevention training. FSA deployed the online training to its approximately 10,000 employees across the country in 2021. Natural Resources Conservation Service and Risk Management Agency and the FPAC Business Center, have since joined in this effort and trained their headquarters and field staff using the training modules. In fact, every new FPAC employee undergoes the farm stress training modules as part of their onboarding process. A total of 23,601 field employees in FSA, NRCS, and RMA have taken the entirety of the training as of November 2022.

Additionally, in September 2022, FSA and NIFA entered into a new partnership with the University of Illinois to further develop enhanced farm-stress training for USDA employees to support their work in serving farmers and ranchers. It has been so successful that other USDA agencies continue to explore the use of this training for their staff. This training has also formed

the basis of farm stress training developed by Farm Credit, National Farmers Union, and the Farm Bureau for their employees and American farmers themselves.

#### *Risk Management Education*

In 2021 and 2022, RMA invested nearly \$6.5 million in partnerships with 27 organizations to provide risk management education and to train and equip the next generation of crop insurance agents, adjusters, and outreach educators about crop insurance options.

#### *Crop Insurance*

RMA worked with a broad coalition of stakeholders, including the National Corn Growers Association and several conservation groups, to implement an innovative risk management tool which gives farmers protection if they choose to employ the innovative and environmentally friendly practice of split nitrogen application. This is another example of how USDA, commodity groups, and conservation groups can partner to advance voluntary conservation efforts. RMA has also partnered with national and local organization across the country to improve and promote Whole Farm Revenue Protection and the recently released Micro Farm policy. Since last fall RMA has more than 10 listening sessions with over 1,000 in attendance. These events bring producers, insurance agents, crop insurance companies, and local organizations together to learn about new opportunities and to provide feedback on what RMA can do better.

#### *Organic Coverage*

RMA announced additional premium assistance for producers transitioning to organic production through the Transitional and Organic Grower Assistance (TOGA) program for crop year 2023. TOGA is also available as for producers growing organic grain and feed crops, a segment of organic production that has struggled to keep up with demand. This builds upon RMA's efforts to enhance coverage for organic producers – including providing organic price premiums on over 80 crops and allowing producers to use contract prices to more accurately reflect the price they receive.

FSA also helps producers and handlers cover the cost of organic certification, along with other related expenses, through Organic and Transitional Education and Certification Program and Organic Certification Cost Share Program. By helping with organic certification costs USDA is helping producers participate in new markets while investing in the long-term health of their operations.

In conjunction with FSA and RMA, NRCS will offer technical assistance to farmers choosing to implement a new Organic Management conservation practice standard. This is in addition to the existing NRCS assistance for organic and transitioning producers including financial assistance for all offered conservation practices. These efforts are part of a \$300 million multi-agency USDA effort to support organic transition and build and strengthen organic markets.

**Conclusion**

Agricultural production requires constant adaptation to new challenges. FPAC continues to use the programs Congress has authorized to find innovative solutions that strengthen the farm safety net for communities impacted by severe weather, market disruption, and emerging threats.

More than 22,000 FPAC employees continue to deliver the 2018 Farm Bill programs that keep our agricultural producers in business and help them build stronger each year. Working day to day in more than 2,300 service centers, as well as behind the scenes in state and national offices, FPAC continues to deliver for American farmers, ranchers, and forest owners while implementing new programs during a global pandemic and through multiple disasters.

This past year has provided the opportunity to engage our producers as we build programs that help them become more sustainable and profitable. We have listened to them in town halls, county fairs, and across kitchen tables and they have helped inform our work as we design and deliver the assistance they need in a way that minimizes the burdens on producers and staff. I look forward to continued collaboration with the Committee as we seek to provide more efficient, effective, and inclusive support to the farmers, ranchers, and producers we serve.



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## **QUESTIONS AND ANSWERS**

FEBRUARY 9, 2023

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U.S. Senate Committee on Agriculture, Nutrition, and Forestry  
*Farm Bill 2023: Commodity Programs, Crop Insurance, and Credit*  
 February 9, 2023  
 Questions for the Record  
**The Honorable Robert Bonnie**

**Chairwoman Debbie Stabenow**

1. At the Michigan field hearing the Committee held last April, we heard about barriers and challenges that small, beginning, and other underserved producers face while starting and maintaining their operations, like lack of access to land and capital. For example, we hear concerns from producers that USDA's "credit elsewhere" requirement can be a barrier to accessing credit for beginning farmers, particularly in areas where there are limited lender options. Other producers have raised challenges with obtaining loans because they require proof of a contract, but obtaining a contract may require access to credit. Many stakeholders have suggested that options such as a pre-approval process might alleviate these challenges.
  - a. What steps has the Department taken to remove barriers to USDA farm loan programs so that more producers, particularly underserved producers, have access to credit?

**Response:**

Improving access to credit for all customers continues to be a paramount priority for FSA as it understands expanding credit access is essential to ensure robust opportunities for market entry. Beginning farmers continually cite credit access among the most important factors in determining success. FSA is addressing this priority with a holistic approach that emphasizes improvements to customer experience, equity, and program delivery. Among these efforts are the following:

- In February, FSA released a simplified direct loan application that seeks to improve the customer experience by essentially halving the number of pages previously required to apply for loan assistance. This streamlining and consolidation initiative has been a continual request from stakeholders, and delivering this improved package will remove what has been seen as a barrier by many customers.
- Complementing the simplified application package is the launch of the Loan Assistance Tool (LAT). This online resource enables customers to explore FSA loan programs and their own specific eligibility from the privacy and comfort of their home even before they make contact with loan staff. This self-paced resource was designed specifically with customer experience and functionality as the guiding north star, understanding that some customers feel the lack of easy access to this information has been a barrier to success. After walking customers through the eligibility criteria with the aid of helpful



instructions and informational pop-outs, the customer can decide if they would like to continue their pursuit of an FSA loan with an application. This tool is the forerunner to current efforts to deliver the first FSA loan program Online Application portal, which is scheduled for deployment later in 2023.

- Another online feature that is planned to launch later in 2023 is Pay My Loan, which will relieve a direct loan borrower from calling, mailing, or visiting a local Service Center to make a loan payment. The site will provide each borrower a history of their loans, tax information, current amortization schedule, and the ability to pay their loan online 24/7. This is the most requested online feature requested by customers, who have come to expect the same ease from FSA that they have in paying their car note or a credit card. Pay My Loan will also free time for employees to spend on other value-added activities since they will no longer need to process routine loan payments as borrowers transition to online services.
- Online features for customers are part of a five-year Business Process Reengineering and IT Modernization Initiative that Farm Loans began in 2022. It will modernize, integrate, and retire or replace the more than twenty IT systems that support Farm Loans delivery, some of which have not been updated in decades and one that is nearly 50 years old and has been an impediment to the timely application of IRA, Section 22006, debt relief payments to distressed borrowers. Under this initiative, Farm Loans is also expanding its data analytics capabilities to better understand customer needs, program efficacy, and the possible need for policy and operational changes.
- Farm Loans just completed its first year as a High Impact Service Provider (HISP) program, which focuses on improving customer experience (CX). OMB administers the HISP initiative and among the requirements are to survey customers quarterly about their experience accessing and using a federal program. Farm Loan sent its first CX Survey in December 2022 to a cross-section of 1,250 direct loan applicants. In April 2023, Farm Loans will receive the results of its first CX Survey and will send it's a second quarterly survey to another set of 1,250 direct loan applicants. This CX Survey information, coupled with enhanced Farm Loan portfolio data analytics capabilities, will provide greater insights to drive data-driven program delivery improvements.
- In addition to these practical tools, FSA is revising and developing policies to improve program access by adding certain eligibility and security criteria flexibilities, as well as reimagining loan underwriting analysis techniques to add efficiencies that reduce burdensome processes for customers and employees as well as better target risk management. FSA has taken administrative action to implement these changes and is finalizing regulatory changes as needed for their implementation.

- FSA will continue to leverage the resources and flexibility afforded through distressed borrower assistance offered in the IRA by revising regulations and handbooks to ensure more thoughtful terms—which lead to better outcomes—are afforded to all producers.

Finally, USDA has taken steps to emphasize customer service. Administrator Zach Ducheneaux makes himself available to any Farm Loan customer to discuss any FSA concern. This action reflects FSA's commitment to gaining the trust of customers, many of whom experience barriers to program access. To assist in these historic efforts to gain the trust of farmers, USDA has formally engaged numerous NGOs in cooperative agreements to deliver information and services to promote equity and trust.

- b. What statutory barriers exist to improving credit access for underserved producers? Are there any suggestions for changes or new authority that Congress should consider in the upcoming Farm Bill to improve credit access in the FSA farm loan programs?

**Response:**

FSA has identified statutory provisions that could be revised or improved to expand credit access and can provide additional details if technical assistance is requested. The 8 items below were included in the President's FY2024 budget.

[We are exploring additional opportunities to further update the Farm Loan Program.](#)

- 1) Elimination of Direct Farm Ownership and Operating Loan term limits
  - 2) Improvements to the Emergency Loan program to reduce application and eligibility requirements
  - 3) Reducing Direct Farm Ownership experience eligibility requirements
  - 4) Increasing the Direct Down Payment Loan Program limit
  - 5) Doubling the Microloan limit
  - 6) Opening access to Beginning Farmer benefits to entities comprised of non-related individuals
  - 7) Expanding support for mediation services to Territories and Tribes
  - 8) Revising Beginning Farmer Funding targets to improve timeliness of loan closings
2. For the first time in Farm Bill history, we included tailored resources for urban, indoor, and other emerging agricultural production practices, which I was very proud to have authored in the 2018 Farm Bill. As a part of these efforts, we created pilot projects for the Urban and Suburban County Committees (UCOC) to give a voice to urban and suburban farmers and better connect them to USDA farm programs at the state and local levels. Can you share an update on the process to establish these Committees? Please describe any outreach activities to publicize the Committees, both nationally and locally. How have different cities approached operating these Committees?

**Response:**

In collaboration with the Natural Resources Conservation Service (NRCS) and the Office of Urban Ag and Innovation (OUAIP), FSA has stood up 13 of the 17 urban county committees (UCOCs) as of March 2023. FSA anticipates having the remaining four UCOCs stood up by Fall 2023.

UCOCs have been established through outreach and community engagement activities which helps 17 cities throughout the United States to focus on the support of urban and suburban agricultural practices. These activities include conducting outreach to urban producers and stakeholders as well as providing feedback to the Agency and Mission Area on the needs of urban ag producers.

From 2020-2022, FSA issued national directives on the administrative, outreach, and publication requirements of the UCOC election process (AO-1750 for 2020, AO-1779 for 2021 and AO-1808 for 2022). FSA Outreach conducted training with state outreach coordinators on UCOC outreach requirements and best practices. FSA requires offices to conduct direct publicity and outreach efforts on UCOC elections to all producers, with additional emphasis on targeted underserved farmers and ranchers.

At the national level, FSA Outreach Office promoted the UCOC nomination and election process through the Federal Advisory Committee on Urban Agriculture. From 2020 to date, FSA has conducted more than 16,500 outreach activities specific to COC (including traditional county committees) elections. This outreach includes broadcast media, direct mail, newsletters, print media, and attending conferences, fairs, farm shows, field days, group meetings, and technical assistance and workshop activities.

Specific to urban COCs, FSA outreach conducted an analysis of high impact outreach events and attendance in impacted urban ag states. The high impact activities in this analysis included group meetings, workshops, and providing technical assistance. FSA held a total of 346 high impact activities between FY 2020 and FY 2022 including two (2) activities in 2020, 104 activities in 2021, and 240 activities in 2022 for a total reach of more than 333,000 people. Activities range from virtual and in-person producer and stakeholder webinars, farmers markets workshops, partner meetings with extension and grower groups.

The information gathered through this outreach is used to help staff identify local administrative areas (LAAs) that the committee members will represent. Each urban ag producer that has provided information to FSA is updated and listed in the system as an eligible voter and may vote, nominate or be nominated during the election period. Each committee established must consist of at least three LAAs and each LAA will be represented by one member who is elected by other eligible voters within that LAA. Together, the elected members make up a full committee and will serve a term of one to three years with one LAA being up for election each year.

**Ranking Member John Boozman**

1. According to the press, the Department has conducted internal farm bill strategy sessions. What can the Committee expect from the Department as implementation of these strategy sessions take place? Will the Department be making public proposals to change farm policy or will the focus be on providing Congress with technical assistance?

**RESPONSE:** The Department has begun preparations to implement the Farm Bill that Congress writes and sends to the President for his signature. This includes providing technical assistance for a number of issues that members of the Senate and House have raised to FPAC and other Mission Areas, but also ensuring that we have the staff and resources in place to appropriately implement the provisions and programs that Congress directs via updated legislation.

2. On September 29, 2021, the Department outlined plans for \$3 billion in “investments to support drought resilience and response, animal disease prevention, market disruption relief, and purchase of food for school nutrition programs” through the Commodity Credit Corporation (CCC). Please provide a detailed outline on the funding and status of these programs.

**Response:** USDA has used around \$1.5 billion to assist schools with responding to supply chain disruptions. Of those, USDA transferred \$1 billion to the Food and Nutrition Service (FNS) to procure agricultural commodities to meet domestic requirements under the school meal programs as announced on December 17, 2021. The remaining \$500 million was transferred to the AMS. AMS used \$200 million of the \$500 million to procure agricultural commodities for the Local Foods for Schools Cooperative Agreement Program (LFS). The remaining \$300 million used existing procurement mechanisms for purchases of agricultural commodities for the FNS National School Lunch Program for delivery to schools at the end of the last school year and for purchases for delivery in the fall of 2022 for the next school year.

USDA also transferred funds to address temporary market disruptions arising from increased transportation issues, lack of availability and increased costs of certain materials, and other obstacles relating to the marketing and distribution of certain commodities. USDA set aside up to \$50 million from these resources to support short-term pilot programs to improve the flow of agricultural commodities that use containers for transportation by making available materials and facilities.

Of the remaining market disruptions funding, \$400 million will be combined with \$100 million reallocated from the drought and water-smart management practices funds to support a new grant program to expand domestic fertilizer production capacity to deliver additional options and a more reliable supply of these critical materials to farmers. Also, USDA transferred funds to support the control of African Swine Fever (ASF) in the Western Hemisphere and prevent its spread to the United States.

3. Recent letters to our committee suggest that the price of sugar in the United States is amongst the highest in the world due to policy-driven supply shortages. Other

information suggests the retail price for sugar in the United States is currently about 20th in the world and when correcting for inflation, consumers today pay for retail sugar roughly what they paid 10 years ago.

- a. Does the U.S. stocks-to-use ratio of between 13.5% and 15.5% allow for an adequate supply of sugar? USTR and DOL have found concerns regarding labor conditions and other concerns in countries that the U.S. imports sugar from.

**Response:**

Until recent years, a domestic sugar stocks-to-use ratio within a 13.5-15.5 percent range resulted in only nominal quantities of sugar entering the country under a high-duty tariff. Due to a confluence of events—including crop shortfalls and high production costs (e.g., the Ukrainian situation, pandemic)—sugar prices escalated to the point where high tier imports have been feasible since 2020. At the same time, beet and cane refining facilities have been strained to accommodate growing demand. At some point, the market should rebalance so that high-tier imports are once again minimal.

- b. Considering that the U.S. is the world's fifth largest sugar producer and the third largest importer of sugar, would you comment on how the U.S. sugar program adjusts for disruptions in supply from imports or natural disasters?

**Response:** USDA has been given a set of tools to increase domestic supplies when needed. USDA may authorize additional in-quota imports of raw or refined sugar from TRQ countries or request the Department of Commerce to increase imports of raw or refined sugar from Mexico, consistent with provisions of applicable trade agreements or the U.S.-Mexico CVD suspension agreement, to assure that the domestic market is adequately supplied. (7 U.S.C. §1359kk, Harmonized Tariff Schedule of the United States (HTS) Chapter 17, Additional U.S. Note 5(a)(ii), U.S.-Mexico CVD suspension agreement)

Ultimately, the success in using these tools depends on the availability of sugar in the world and, particularly, from Mexico.

**Senator Sherrod Brown**

1. Cover crops help Ohio farmers improve soil health and help mitigate water quality issues – like those we face in the Western Lake Erie basin.

I've heard from Ohio farmers that have utilized the Department's pandemic cover crop program and they like that it is simple and easy to use.

In fact, Ohio producers have received nearly \$5 million in crop insurance discounts to support planting cover crops on about 1 million acres – facilitating cover crops on acres that would not have otherwise been planted with cover.

- a. Can you please provide the committee with the commodity specific data, in dollars and acres, for Ohio usage of the pandemic coverage crop program for 2021 and 2022.

**Response:**

For the 2021 crop year, Ohio farmers saw a crop insurance bill reduction of \$2,616,676 on 530,492 acres. For the 2022 crop year, Ohio farmers saw a crop insurance bill reduction of \$2,329,689 on 468,764 acres.

- b. From your perspective, how has the program been received by farmers and insurance companies? Talk to us about how cover crops and other soil health practices might reduce risk and strengthen the crop insurance program?

**Response:**

The program was well received by farmers and insurance companies with both appreciating the simplicity of the program. Farmers know what is best for their operations and we were glad to provide some assistance to help them continue the practice of growing cover crops.

**Senator Michael F. Bennet**

1. Colorado faces the worst drought in 1,200 years. Extreme weather events, like mega-droughts in the West, will only get worse with climate change. Federal Crop Insurance is critically important for family farms and ranches to contend with climate change, but the cost of crop insurance will continue to grow as these events intensify.

- a. What steps can we take to ensure our federal crop insurance program reflects the risks from long-term drought and a changing climate?

**Response:**

The law requires that the program be actuarially sound. Retaining this requirement will ensure that the program continues to account for changing weather and climate. RMA vigorously reviews and updates rates to ensure they are accurate and fair.

- b. What opportunities are available through existing Farm Bill programs to help farmers and ranchers adapt and transition should they incur losses multiple years in a row?

**Response:**

FSA offers several standing disaster assistance programs, including programs to support producers impacted by drought. FSA has also made updates to its programs to better support producers dealing with drought. For example, in 2021 and in response to chronic drought conditions across the Great Plains and West, FSA updated its Emergency Assistance for Livestock, Honey Bees, and Farm-

raised Fish Program (ELAP) to help cover the cost of transporting feed for livestock that rely on grazing. In response to producer feedback, USDA then also expanded the program to help ranchers cover above normal costs of hauling livestock to forage or other grazing acres.

FSA has also administered several ad-hoc disaster assistance programs. Most recently, FSA designed and implemented the Emergency Relief Program and the Emergency Livestock Relief Program, both of which support producers with losses due to drought.

While these programs are not specifically targeted to supporting farmers transition, they can provide critical financial assistance to help keep farmers farming.

NRCS can provide technical assistance to landowners adopting and transitioning to other land uses to address the current drought conditions. Financial assistance is also available through the Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), and other incentives (e.g. Disaster, EQIP-Conservation Incentive Contracts, Source Water Protection) to implement climate-smart activities that mitigate greenhouse gases, improve weather resiliency, and protect soil and water resources.

CRP—might be used more extensively by either CRP Grasslands or new or existing CREP agreements. Grasslands would help protect working lands and new CREP agreements might bring in the ability to retire water use while farmers pursue dryland options.

- c. If none currently exist, what should a transition program look like?

**Response:**

USDA has a variety of programs that help respond to extended drought. While there would be challenges to designing a single program to transition farmers from one production system to another given different water allocations, water rights, and water use depending on the state, part of the state, or crops and cropping systems, USDA would welcome the ability to work with the Committee on what parts of a program would be important to consider.

**Senator Kirsten Gillibrand**

1. Many farmers describe existing crop insurance rules and guidelines as an impediment for their diversified and climate-friendly production systems. To illustrate one barrier, Risk Management Agency's definition of 'Good Farming Practices' denies farmers security or protection against losses if their crop yields decline – even though a reduction in crop yield is expected when adopting a new conservation practice. This disincentivizes

producers from adopting what is otherwise considered a 'Good Farming Practice' for fear of losing their coverage.

- a. How can this barrier be rectified?

**Response:**

We would be glad to look at this issue more closely and follow up with your office.

2. While it is an incredible feat that more than 85 percent of cropland planted to commodities is covered by insurance, most farms are not enrolled in the federal crop insurance program.

- a. How can we do a better job to ensure our farmers' futures, especially the small to mid-sized, specialty crop, diverse, and organic farms that are most often unprotected by this pivotal safety net program?

**Response:**

RMA has made significant advancements the last 2 years, but we know we have more work to do. In 2022, we implemented the Micro Farm Program that is targeted to serve smaller, diversified farmers. Based on feedback from producers, we tripled the amount of coverage offered under the program to reach more producers. We offer an organic price for over 80 crops, and last year almost 2 million acres of organic crops were insured, which is a record.

We plan to better serve these producers by getting their feedback. We had a roadshow this winter to promote the program that reached out directly to producers and insurance professionals – over 1,000 people attended – so we plan to replicate this in the future. We also have national staff and employees in regional offices who are specifically devoted to promoting specialty crops. We would be glad to connect these folks with your staff.

3. Our farm safety net will become more important than ever as farmers face the extreme weather caused by climate change.

- a. How can we improve our farm safety net to help farmers grow the right crops in the right place as droughts and floods pose greater threats?

**Response:**

Farm stewardship practices like cover crops can also make farms better able to withstand extreme weather, reducing losses in yield and revenue.

4. Farm stewardship practices like cover crops can also make farms better able to withstand extreme weather, reducing losses in yield and revenue.

- a. What reforms would help encourage farmers to adopt these practices?



**Response:**

The Pandemic Cover Crop Program, which offered producers reduced insurance bills for planting cover crops, was a popular program that helped offset the costs of growing cover crops. This is a type of program that was easy to administer and assisted farmers with voluntary conservation practices.

## 5. Undersecretary Bonnie, According to the FSA website:

“The 2018 Farm Bill amended the NAP payment provisions for crops with buy-up coverage levels to specify that payments will be based on “the average market price, contract price, or other premium price (such as a local, organic, or direct market price, as elected by the producer) ... [A]n **organic price option** is currently available for crops regardless of whether they have basic 50/55 NAP coverage or buy-up NAP coverage, and a direct market option is currently available for crops with buy-up coverage. For crops that are not insurable with catastrophic level coverage (CAT) through your crop insurance agent, Non-insured Crop Disaster Assistance Program (NAP) coverage is an available tool to help mitigate financial risk. NAP covers non-insurable crops damaged, lost or prevented from being planted due to a natural weather-related disaster condition ... Producers with an organic certification can select the organic option when requesting NAP coverage at either CAT or buy-up levels of coverage at 100 percent of the approved organic NAP price. Buy-up coverage is not available for crops intended for grazing.”

The Organic Farming Research Foundation, in their “Guide to the USDA Noninsured Crop Disaster Assistance Program (NAP)<sup>11</sup>” explains further:

“NAP coverage allows farmers to select the Organic Option because there may be a difference in Average Yield and Average Market Price between organic and conventional agriculture. However, the Organic Option is only available if there is an Average Organic Market Price or RMA organic price available. If a producer elects the Organic Option and FSA does not have an approved organic price for the crop, the producer’s NAP coverage will be based on the conventional rates and prices. The Average Organic Market Price is not always available, depending on your location and crop type. Average Organic Market Prices are determined on a statewide basis, using a 5-year historical average of actual organic prices received without the inclusion of transportation, storage, processing, packing, marketing, or other post-harvest expenses. FSA recognizes organically grown crops under NAP in states where RMA has established a separate organic price. A list of crops for which RMA has established a separate organic price can be viewed on RMA’s organic website (<https://www.rma.usda.gov/news/currentissues/organics/>). If there is no RMA Organic Market Price available, FSA may undertake a review if there are different levels of compensation for organic certified crops marketed in a region. Upon review, FSA may establish organic prices by variety and crop. Any organic market crop price established by FSA must be done 120 days prior to the application closing date for that crop and variety.”

Would you please provide the Committee with responses to the following proposals to make NAP coverage more widely available to organic farmers?

- a. Since the NAP organic price option is only available for crops where the Risk Management Agency (RMA) has established an Organic Market Price, the list of RMA-approved organic market prices should be expanded to improve crop insurance and NAP options for organic farmers.

**Response:**

Under NAP, FSA has the flexibility to establish organic average market prices for crops within a State for crops that qualify as organic according to the National Organic program regulations. As such, organic market price establishment will continuously be evaluated and considered on an annual basis.

- b. Given the importance of grazing to organic livestock operations, NAP should be available for crops intended for grazing.

**Response:**

Basic NAP coverage (50% yield/55% price) is available for crops intended for grazing. Currently, statute does not provide the discretionary authority to offer additional levels of coverage (buy-up coverage) for crops intended for grazing.

- c. Unintentional drift of prohibited substances, such as pesticides, onto organic crops from neighboring properties or aerial spraying generates significant economic losses for organic farmers. Organic farmers should have the ability to buy NAP coverage to address this risk, which is often outside the ability of the organic farmer to control.

**Response:**

While chemical drift poses a significant risk to organic operations, statute currently limits NAP coverage to those losses attributed to drought, flood, or other natural disasters.

6. Under Secretary Bonnie, I have heard concerns from organic farmers that complex crop insurance rules often discourage the use of farming practices that build soil health and resilience, such as organic farming systems. Please provide the Committee with feedback about the following specific concerns:
  - a. Organic crop farmers often use complex crop rotations that include 6 or more crops. Such rotations help to build soil health and break pest cycles, which builds on-farm resilience and minimizes the need for off-farm inputs to combat pests. However, Risk Management Agency crop insurance rules require a farmer to have at least 4 years (and in some cases more) of production history growing an individual crop before a farmer can use their own yield data, versus an area average, to purchase insurance. These rules incentivize monocultural cropping

systems and discourage more ecologically and economically sound multi-year crop rotations. Organic farmers have recommended that APH rules under the crop insurance program be updated to incentivize, not discourage, resource-conserving crop rotations.

**Response:**

RMA has had discussions with organic grower organizations regarding this topic and is currently looking to see what modifications are possible.

- b. Organic farmers often alter their planting schedules to differ from the planting schedules of neighboring farmers, to minimize the genetic drift of genetically engineered materials, if their neighbor is using genetically engineered (GE) varieties of a similar crop. If an organic farmer's crop is inadvertently contaminated with GE material, it could prohibit them from marketing their crops as organic. However, by delaying their planting to avoid the risk, the organic farmer is often missing RMA's ideal planting window. Because of organic standards, organic seeds are not treated with fungicide, which is used by conventional farmers to prevent the rotting of seed in the soil in cold, wet conditions. This means organic farmers need to wait for soil temperatures to warm to plant organic or untreated, non-GMO seed. Further, cover cropping is a required method in organic systems. This means it must be dry enough for the cover crop to be terminated, soil to be worked, or no-till drills to be used for planting without excessive soil compaction. Later planting in organic farming is a useful strategy on multiple fronts. RMA crop insurance rules penalize farmers if their planting date is not within a certain time window.
  - i. The RMA time window does not consider common strategic organic growing practices. Can RMA provide additional flexibility for organic producer planting deadlines to address these concerns?

**Response:**

We understand and appreciate these concerns. We will investigate what flexibilities we can provide.

- c. Organic crops usually receive higher market prices. Organic farmers should be able to insure their crops based on organic prices. While USDA's Risk Management Agency (RMA) has made progress in this area, organic price elections are still not available for all organic crops. Please provide a report on RMA's progress in offering organic price elections for all organic crops.

**Response:**

RMA sends annual update to Congress each year on organic price elections. The latest report, which was submitted in May of 2022 can be found at the link below. For the 2022 crop year, RMA offered 84 distinct organic price elections; only 19 crops do not currently receive an organic price election. These crops do not currently have an organic price election because either: a) there is no known

organic production in insured areas; b) there is limited production and no available data that meets RMA's data quality requirements; or c) pricing data suggests these organic crops do not receive a premium over conventional products.

We would be glad to look at specific crops as well.

[Annual Report](#)

- d. Crop insurance rules have a very narrow and outdated standard for what is considered a "good farming practice." Any deviation from past farming practices that jeopardizes the insured crops' *"ability to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance"* is by the federal crop insurance program definition, NOT a Good Farming Practice (GFP). This standard creates a bias against regenerative farming practices such as those commonly used by organic farmers, because of the likelihood that such practices may have some, difficult to predict, impact on yield. Please provide feedback on the following proposals to address this concern:
  - i. any practice or system of practices required as part of farmer's Organic System Plan (OSP), which is developed under supervision of the farmer's USDA-accredited organic certifier, should be considered as a "good farming practice (GFP)" under RMA crop insurance rules, and
  - ii. any practice used by a farmer in compliance with the NRCS Practice Standard for Organic Management should also be considered a GFP.

**Response:**

We would welcome a discussion on the specific practices where producers have had conflicts with crop insurance good farming practices.

- e. Certified organic farmers are required to have Organic Systems Plans, approved by their USDA-accredited organic certifiers, with detailed, site-specific information about their production plans and how they will comply with USDA organic standards. The process of transitioning to organic certification takes at least three years, during which time a transitioning farmer stops using any prohibited pesticides, fertilizers, or other materials on their farms, and starts the process of learning to farm organically, and converting their land to a new system of agriculture. At the end of that 3-year process, the farmer must establish an Organic Systems Plan (OSP) and work with an USDA-accredited organic certification agency to complete the certification process. Organic farmers have raised concerns that RMA is requiring transitioning organic farmers to establish an OSP to buy organic transition crop insurance, even though organic standards do not require farmers to have OSPs until they are certified.

- i. Can you please explain why RMA is requiring transitioning farmers to have OSPs as a prerequisite for buying organic transition crop insurance, even though AMS' organic standards only require a farmer to have an OSP once they are fully transitioned and certified?

**Response:**

Currently RMA is working with AMS to develop an alternative way to verify that producers are transitioning to organic production. It is important that there is a process that provides evidence that the producer is indeed transitioning to organic and is not simply cutting back on conventional crop inputs in order to collect an indemnity. The verification protects not only the sustainability of the crop insurance program but also protects transitioning growers from bad actors that could potentially drive higher losses which leads to increased rates for all producers.

**Senator Ben Ray Lujan**

- 1. New Mexico prides itself on the diverse set of crops we grow and how those producers are able to support and feed their local communities. A vital purpose of the Farm Bill is to provide a safety net to producers to ensure that they are able to protect their farms and their livelihoods during times of disaster and hardship. Tools like crop insurance are vital in that mission, but options for specialty crops like our famous New Mexico Chile, are not at the levels provided for other crops.
  - a. How can Congress expand and strengthen these programs to ensure that they are a viable and reliable safety net for ALL farmers?

**Response:**

The fundamentals of the program are strong, and the tools and flexibility Congress provided have helped the program respond to emerging needs of American agriculture. The growth of federal crop insurance has been phenomenal over the last two decades with the program now providing almost \$200 billion in protection for 600 crops compared to about \$30 billion in protection for 300 crops in 2000. The tremendous growth is due in large part to the hard work of Congress, Risk Management Agency (RMA) employees, grower group organizations, crop insurance companies, agents and adjusters, and countless others who have contributed time and effort to making sure the program provides the tools farmers need to protect their risk.

We look forward to working with Congress to improve and grow the program even more.

- b. What impact does not having strong risk management tools have on farming operations?

**Response:**

When disaster strikes, farmers receive payments within weeks or months rather than years. It's not only vital for farmers, but all those who serve them in rural communities across America. Main street in rural America benefits greatly from the certainty crop insurance provides – from the input suppliers to the local clothing store – crop insurance ensures a natural disaster does not devastate an entire community. Those without a strong crop insurance policy do not have this certainty and neither do their communities, which is why we are striving to make the program available to all.

**Senator Peter Welch**

1. What steps is USDA taking now to provide relief to organic dairy farmers, including those in Vermont in need of federal support?

**Response:**

Earlier this year, USDA announced additional assistance for organic dairies through the new Organic Dairy Marketing Assistance Program. USDA is working to finalize the notice of funding availability (NOFA) for this program, and it remains a top priority for the Department. USDA does not have a specific estimate on how long the entire clearance process will take but given the urgent need for this assistance, teams across the Department are on alert to prioritize the NOFA as it moves through the approval process.

Under this program, USDA will provide eligible producers who apply for assistance with a one-time payment, calculated based on a cost share of estimated marketing costs on the pounds of organic milk marketed for the 2022 calendar year not to exceed 5 million pounds of production. The formula will not require specific cost data from producers to streamline program delivery and minimize paperwork burden.

2. Do you believe a safety net program for organic dairy farmers modeled after the Dairy Margin Coverage program could help ensure organic dairy farms in Vermont and across the nation stay solvent?

**Response:**

Earlier this year, USDA announced additional assistance for organic dairies through the new Organic Dairy Marketing Assistance Program. USDA is working to finalize the notice of funding availability (NOFA) for this program, and it remains a top priority for the Department. USDA does not have a specific estimate on how long the entire clearance process will take but given the urgent need for this assistance, teams across the Department are on alert to prioritize the NOFA as it moves through the approval process.

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pounds of production. The formula will not require specific cost data from producers to streamline program delivery and minimize paperwork burden.

3. The Dairy Margin Coverage program, which was included in the last farm bill, made the federal dairy commodity programming more attractive to small dairy farmers.
  - a. How can we continue to improve the program to attract more small- and medium-sized dairy farmers?

**Response:**

Small and mid-sized dairy farmers are the backbone of many agricultural communities across rural America. DMC provides critical assistance to those dairies, helping make sure they can manage the numerous and often unpredictable uncertainties that adversely impact market prices for milk. 2022 showed why enrolling in DMC makes good business sense. Early in the year, some economists predicted that DMC would not trigger any payments for the calendar year, but then fast forward to the fall, when we started to see payments trigger and a return on investment.

Under this Administration, USDA has made key updates to DMC to make it more beneficial and attractive to more small and mid-sized producers. Specifically, last year, USDA introduced Supplemental DMC, which provided \$42.8 million in payments to better help small and mid-sized dairy operations that had increased production over the years but were not able to enroll the additional production. Supplemental DMC coverage is applicable to calendar years 2021, 2022, and 2023. Additionally, FSA began calculating DMC payments using updated feed and premium hay costs, making the program more reflective of actual dairy producer expenses. These updated feed calculations use 100% premium alfalfa rather than 50%.

USDA welcomes the opportunity to provide technical assistance on any proposals the Committee is considering that may further improve enrollment.

- b. Small farms are struggling to remain resilient, especially in the face of climate change. How can Congress prioritize enhancing farms' climate resiliency through the Dairy Margin Coverage program and other similar programs?

**Response:**

DMC is a risk management program that accounts for the difference between cost of feed and the cost of milk, so it may not be the best way to enhance climate resiliency. However, there are important ways in which small farms can contribute to agriculture's climate solutions. We have 141 Partnerships for Climate Smart Commodities projects that were announced in Fall of 2022. Over 20 of them include dairy as at least one of the commodities, and a handful of these will be active in Vermont. This could be a new revenue stream for producers as they help build climate-smart markets and potentially earn a premium for their

climate-smart commodities and the climate-smart practices they apply that help reduce Greenhouse Gas emissions.

- c. Would increasing the DMC Tier 1 production limit above the current 5-million-pound cap be beneficial to dairy producers in Vermont and throughout the Northeast? Please elaborate.

**Response:**

Increasing the DMC Tier 1 production limit above the current 5-million-pound cap may benefit some dairy producers in Vermont and across the country. It is important to note, however, that USDA understands that Congress put the current cap in place to ensure the program remains targeted towards small and medium sized dairy operations.

- d. Would adjusting production history to include a projection of future rolling year averages be beneficial to dairy producers?
- e. Should Congress consider updated the DMC program with supplemental and feed costs? Do you believe that these updates would improve the program?

**Response:**

USDA does not make recommendations to Congress but rather is available to provide technical assistance as it is requested.

Of note, I can share that, under this Administration, USDA has made key updates to DMC to make it more beneficial and attractive to more small and mid-sized producers. Specifically, FSA has begun calculating DMC payments using updated feed and premium hay costs, making the program more reflective of actual dairy producer expenses. These updated feed calculations use 100% premium alfalfa rather than 50%.

USDA is also acutely aware of the unique challenges that organic dairies are facing with regard to increased feed costs. These challenges have been compounded by ongoing pandemic and drought conditions across the country, and many small organic dairy operations are now struggling to stay in business. As a result, FSA plans to provide payments to cover a portion of those dairies' estimated marketing costs for 2023. Final spending will depend on enrollment and each producer's projected production, but the new Organic Dairy Marketing Assistance Program, or the ODMAP, has been allocated up to \$100 million through Commodity Credit Corporation funds.

- 4. How has FSA worked to make crop insurance options more accessible and appropriate for diversified and organic producers, and what do you see as the path forward for expanding crop insurance to better serve all farmers?

**Response:**



Expanding crop insurance for diversified and organic farmers is a priority of this Administration. RMA has made significant advancements the last 2 years, but we know we have more work to do. For 2023, we have doubled the eligibility for Whole Farm Revenue Protection (WFRP) and tripled the eligibility for the Micro Farm Program that helps smaller, diversified farmers. We offer an organic price for over 80 crops, and last year almost 2 million acres of organic crops were insured, which is a record.

We plan to better serve these producers by getting their feedback. We had a roadshow this winter to promote WFRP and Micro Farm that reached out directly to producers and insurance professionals – over 1,000 people attended – so we plan to replicate this in the future. We also have national staff and employees in regional offices who are specifically devoted to promoting specialty crops. We would be glad to connect these employees with your staff.

**Senator John Hoeven**

1. Record-high inflation is squeezing farmers and small businesses across the country, including crop insurance agents. Previously, the Risk Management Agency (RMA) adjusted administrative and operating reimbursements to account for increased costs caused by inflation. The agency paused the practice after inflation remained flat for several years and hasn't resumed the adjustments despite ongoing inflation. Keeping A&O at 2015 levels is not sustainable and is detrimental to the continued success of crop insurance.

We believe that RMA has the administrative authority to resume inflation adjustments and to make them without reopening the Standard Reinsurance Agreement. The fiscal year (FY) 2023 agriculture appropriations legislation included language asserting just that. I urge you to use this authority and resume making inflation adjustments to A&O reimbursements.

- a. Does USDA acknowledge that as crop insurance delivery costs have risen due to inflation, agents have not received a reimbursement adjustment to reflect these increased costs?

**Response:**

RMA distributes administrative and operating (A&O) subsidy to Approved Insurance providers based on the terms of the Standard Reinsurance Agreement (SRA). A&O reimbursement rates are a financial term of the SRA and cannot be changed without a renegotiation. In addition, the Agriculture Act of 2014 requires that any negotiation be done in a manner that, to the maximum extent practicable, is budget neutral with regards to A&O payments and underwriting gains. At this time, RMA does not have plans to renegotiate the SRA, but certainly in any future renegotiation suggestions regarding compensation of crop insurance agents who sell, and service specialty crops can be considered.

The Consolidated Appropriations Act, 2023, authorized additional compensation to the Approved Insurance Providers for the 2021 reinsurance year but did not provide additional authority nor funding for future years.

**Senator Roger Marshall, M.D.**

1. Foreign investors own agricultural land in all 50 states. Chinese entities own over 383,935 acres of agricultural land. Most of which was acquired in the last decade Iranian investors owns 4324 acres of agricultural land. Russian investors own 73 acres of agricultural land.

- a. Do you believe foreign investors from places like China, Russian, and Iran should be able to participate and benefit from farm bill programs? I'd like to offer the other panelists the chance to answer as well.

**Response:**

Issues of foreign ownership and the Agricultural Foreign Investment Disclosure Act (AFIDA) have been of interest to several members of Congress and USDA staff has provided technical assistance for a few pieces of legislation and I expect we will continue to provide that assistance throughout the process of writing a new Farm Bill.

- b. Can you tell me how much foreign investors benefit from farm bill programs in terms of dollars?

**Response:**

Total payments to producers with a citizenship country marked as something other than the United States totaled \$117.8 million from 2018 to the present. This total includes payments under 2018 farm bill programs, plus payments for CFAP 1, CFAP 2, PATTH, ERP, ERP 2, and several other programs. Citizens of Mexico, the Netherlands, Canada, and Portugal were the largest payment recipients.

2. USDA regulations classify an LLC as a "legal entity" rather than a "joint operation." This results in many farm businesses having to choose between the liability protections and other business benefits offered by an LLC versus the ability for all owners in a joint farming operation to participate in farm programs and each be eligible for a separate payment limitation.

- a. Since farming is an inherently risky business, most accountants and attorneys would advise that the business be structured as an LLC do you support including LLC's that are taxed as a partnership under the definition of a "joint enterprise?"

**Response:**

FSA acknowledges that in recent years the establishment of LLC's has become more common and the current definition of "joint operation" found in 7 CFR Part 1400 does not provide flexibility for LLC's to be considered a "joint-operation", and therefore eligible for separate payment limitations. FSA will continue to evaluate the legal authority to amend the current regulation and is committed to providing technical assistance as requested.

**Senator John Thune**

1. Last September, USDA announced plans to make cost-share assistance available for producers in South Dakota and other states hard-hit by disasters in 2021 and 2021 who are struggling with a lack of available grain storage.

- a. Do you have an update on the status of this assistance?

**Response:**

FSA is actively working to finalize the Notice of Funds Availability (NOFA) that will announce the opportunity to apply for this assistance.

- b. When can producers expect to be able to apply for it?

**Response:**

FSA anticipates making an announcement in March; that announcement will detail the sign-up dates later this year.

2. As you consider eventual farm bill implementation, do you have the staffing resources and information technology capabilities to deliver the farm bill?

**Response:**

We appreciate Congress' awareness of the need to provide staffing and IT resources to deliver new programs and significant changes to existing programs. Some of the consideration for both staffing and IT capabilities will depend on the number of new programs and significant changes to existing programs that the final Farm Bill contains. Previous Farm Bills that had resources specific to implementation did help the Department implement new and updated programs

3. Fiscal year 2023 appropriations legislation included language to recognize that USDA has the authority to index administrative and operating (A&O) expense reimbursement each year. As you know, crop insurance is the cornerstone of the safety net. A&O needs to be indexed to support private sector delivery of this important risk management tool. USDA now has the authority to update it, and I encourage the department to exercise its authority and update it. I also urge you to consult with the committees of jurisdiction before announcing a decision

- a. What is the status of USDA's implementation of this authority?

**Response:**

The Consolidated Appropriations Act, 2023, authorized additional compensation to the Approved Insurance Providers for the 2021 reinsurance year but did not provide additional authority or funding for future years.

While RMA appreciates the hard work and dedication of agents in servicing America's farmers and ranchers, such relief cannot be granted without a renegotiation of the Standard Reinsurance Agreement (SRA). A&O reimbursement rates are a financial term of the SRA and cannot be changed without a renegotiation. In addition, the Agriculture Act of 2014 requires that any negotiation be done in a manner that, to the maximum extent practicable, is budget neutral with regards to A&O payments and underwriting gains. At this time, RMA does not have plans to renegotiate the SRA, but certainly in any future renegotiation suggestions regarding compensation of crop insurance agents who sell, and service specialty crops can be considered.

**Senator Deb Fischer**

1. Nebraska and much of the western United States has faced extreme drought. One essential tool that USDA and U.S. agriculture producers have benefited from since 1999 is the U.S. Drought Monitor (USDM), produced weekly by the National Drought Mitigation Center (NDMC) at the University of Nebraska Lincoln (UNL).
  - a. What are the current USDA programs and other federal and state agencies that use the USDM and early warning science-based NDMC products to inform drought-related decisions?

**Response:**

Importantly, since inception in 1999 the U.S. Drought Monitor (USDM) has been a team effort, produced jointly by the National Drought Mitigation Center (NDMC) at the University of Nebraska-Lincoln, the National Oceanic and Atmospheric Administration (NOAA), and the U.S. Department of Agriculture (USDA). The NDMC hosts the USDM website and the associated data, and provides the map and data to NOAA, USDA and other agencies. This fact sheet - [https://droughtmonitor.unl.edu/data/docs/USDM\\_FSA\\_fact\\_sheet.pdf](https://droughtmonitor.unl.edu/data/docs/USDM_FSA_fact_sheet.pdf) -- updated in September 2021, provides information on USDM-based disaster assistance provided by USDA.

Notably, the Livestock Forage Disaster Program (LFP), first codified by the 2008 Farm Bill and subsequently reauthorized in 2014 and 2018, eligible producers must suffer a loss of grazed forage due to a qualifying drought during the normal grazing period for the county. The qualifying drought is based on the USDM intensity levels. LFP benefits can trigger in a county rated by USDM as having a D2 or higher intensity level.

In addition to LFP, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) updated program policy in 2021 to provide assistance to cover feed transportation costs for drought-impacted producers. ELAP will cover above normal costs of hauling livestock to forage or other grazing acres when the county is impacted by an eligible drought which means any area of the county that has been rated by the USDM as having a D2 or higher intensity level. Eligible drought is also considered an adverse weather event under ELAP for honeybee feed and water transportation losses as well.

ECP will also provide assistance with providing emergency water during periods of severe drought (grazing and confined livestock and exiting irrigation systems for orchards and vineyards). Severe drought for eligible purposes is D3 or higher.

CRP provides for emergency haying and grazing on certain CRP practices in counties designated as D2 or higher on the USDM.

The “Fast Track” Secretarial Disaster Designation process also triggers for severe drought during the growing season when any portion of the county meets the USDM D2 intensity level for 8 consecutive weeks. This disaster designation makes emergency loans available to producers in those counties impacted. USDA has also relied on the USDM to assist in determining eligible adverse weather conditions for ad hoc disaster assistance programs as well such as USDA’s Emergency Relief Program.

We understand that other federal agencies such as the Internal Revenue Service leverage the data.

Some states incorporate the USDM into their planning and decision making. State drought plans can be viewed at <https://www.drought.unl.edu/Planning/DroughtPlans/StatePlans.aspx>. As one example, Montana is in the process of updating its state drought plan to include the USDM. Nebraska’s state drought plan, last updated in 2000, does not mention the USDM.

- b. What NDMC products have been essential to USDA programs, and how can USDM and NDMC’s products/tools be better supported and leveraged to bolster existing and new USDA programs that support U.S. agricultural producers respond to drought conditions and foster landscape resiliency?

**Response:**

Many of the products used by the USDM authors are not specifically produced by NDMC. In other words, the USDM authors are “end users” of a variety of carefully vetted products produced by federal agencies, universities, and others. Many of those products, at various time scales, can be viewed at this public website: [https://droughtcenter.unl.edu/USDMWeeklyMaps/US\\_Maps\\_current.pdf](https://droughtcenter.unl.edu/USDMWeeklyMaps/US_Maps_current.pdf).

Work is underway at NDMC to provide all of this data in publicly available Geographic Information System layers. Producers of the products used by the USDM authors include, but are not limited to, USDA, NOAA, USGS, NASA, and the regional climate centers. NDMC has always been an extraordinary drought coordination group, helping to bring together scientists from federal, state, local, and tribal agencies, as well as academic groups. They also collect and disseminate diverse datasets; educate end users of the USDM and other drought-related products; and promote drought resilience. Resource constraints among the USDM participants set limits on new initiatives. In USDM history, 1999 to present, there has never been a consistent or dedicated federal revenue stream specifically dedicated to the product; the partner agencies use existing funds and personnel to meet production goals and deadlines.

In recent years, USDA has contracted with NDMC to develop tools for producers to determine qualification for LFP and other drought disaster programs. In addition, achievements under funding provided by annual appropriations for Policy Research Centers include:

- Expansion of the USDM to all U.S. Territories, which are now eligible to qualify for drought disasters triggered by the USDM;
  - Availability of drought statistics for Tribal Lands;
  - Production of drought products in Spanish;
  - Expanded outreach for producers to record drought impacts and provide in situ information that can contribute to USDM assessments;
  - Improved NDMC infrastructure allowing greater public access to drought maps and related products; and
  - Collaboration by USDA's Office of the Chief Economist (OCE) and the USDA Climate Hubs to generate products to aid in assessment of drought impacts across rangeland and forested areas.
- c. Over the past 25-plus years, NDMC has relied on ad hoc federal grants and USDA cooperative agreement to fund the weekly publication of the USDM and related drought mitigation and response tools and services. Does USDA believe longer term funding can help improve the cooperative agreement and products that are created from that agreement?

**Response:**

The NDMC is currently, as noted, in PART funded by OCE through annual appropriations for Policy Research Centers (PRCs). We welcome any discussions with Congress to provide technical assistance on this matter.

U.S. Senate Committee on Agriculture, Nutrition, and Forestry  
*Farm Bill 2023: Commodity Programs, Crop Insurance, and Credit*  
 February 9, 2023  
 Questions for the Record  
**Ms. Marcia Bunger**

**Chairwoman Debbie Stabenow**

1. I appreciate the work by RMA and the Federal Crop Insurance Corporation in recent years to update the Whole-Farm Revenue Protection (WFRP) policy and the new Micro Farm offering within WFRP to make these coverage options accessible to producers, as well as USDA's outreach to producers to promote these offerings. What additional steps can be taken to increase enrollment in these federal crop insurance policies? What are some common challenges producers face when accessing these policies that RMA has identified? What are some of the challenges insurance agents and adjusters face in selling and servicing these policies, and are there changes that Congress should consider that can help improve the private sector delivery of these products?

Educating producers, agents, and insurance companies about WFRP and Micro Farm is a vital step to ensuring more enrollment in these programs. This winter, RMA hosted several roadshows with more than 2,000 participants. These events provided both education for agricultural producers and essential feedback for RMA on how to adjust the policy to work better for producers. Overall, feedback focused on providing more flexibility and making the policy more affordable, which RMA plans to address for the 2024 crop year. Paperwork concerns continue to be a key issue; and RMA continues to work on reducing paperwork, where possible, while ensuring program integrity.

In terms of challenges from agents and crop insurance companies, the primary concern continues to be the level of compensation received for the sale of these policies.

2. One of my priorities in past Farm Bills has been making sure the farm safety net works for all producers, including organic growers. Progress has been made in this effort – and I appreciate USDA's recent actions to make crop insurance more accessible for organic producers through the Transitional and Organic Grower Assistance Program – but I continue to hear concerns about program impediments for organic producers. What additional steps can be taken to make crop insurance more accessible to organic producers or farmers interested in transitioning to organic production?

RMA offers an organic price for more than 80 crops. Last year, nearly 2 million acres of organic crops were insured, which is a record for the Federal Crop Insurance Program. We plan to build upon this momentum by continuing to engage with producers through direct feedback to hear their needs and concerns.

This winter, RMA hosted several roadshows to promote Whole-Farm Revenue Protection and Micro Farm that provided direct outreach to more than 2,000 producers and



insurance professionals. We plan to replicate this approach in the future to engage other producers on other topics, including organic. The promotion of safety net options for specialty crop growers has been made a priority for the agency, with employees at the national and regional offices specifically devoted to this focus. We would be glad to connect these folks with your staff.

3. I worked in the 2018 Farm Bill to ensure that all dairy producers have access to the Federal Crop Insurance Program, and since that time the Department has taken additional steps to improve insurance options for dairy and livestock producers. Can you provide an update on the growth of dairy and livestock insurance policies since the 2018 Farm Bill and the types of options available to producers? Have there been any challenges with the growth in this new sector of insurance policies, and are there changes Congress should consider in the upcoming Farm Bill to improve livestock and dairy coverage?

Dairy producers have seen significant increase in crop insurance offerings since 2018. Since Dairy Revenue Protection's inception in 2019, we have seen on average 55 billion pounds of milk insured each year, which equates to about a quarter of the milk produced each year in the United States. Dairy producers also have Livestock Gross Margin – Dairy Cattle as an option, which has provided coverage on about 2.5 billion pounds of milk in each of the last two years—the highest amount since 2015.

Livestock producers also have seen significant program improvements. Recent enhancements to Livestock Risk Protection and Livestock Gross Margin made these programs more accessible and affordable, and we've seen significant increase in interest and participation. Total coverage of these livestock programs was over \$21 billion in 2022. For context, in 2018 total coverage was only \$462 million.

Similarly, Pasture, Rangeland, Forage (PRF) continues to provide a robust risk management tool for ranchers who hay or graze— we have seen almost 300 million acres insured in 2023 up from under 100 million acres in 2018. PRF is ranked 6<sup>th</sup> in the top 10 list of insured commodities by value.

In addition to the PRF program, producers in the Plains states also have the option to insure their annual forage crops under a program similar to PRF. Almost 7 million acres are insured under the Annual Forage program for the 2023 crop year.

We continue to monitor the growth of these programs and provide more outreach to producers, and we will continue to work with Approved Insurance Providers to ensure proper training and ensure proper funding and explore additional reinsurance flexibilities.

**Ranking Member John Boozman**

1. Testimony referenced \$6.5 million invested by RMA in 2020 and 2021 to provide risk management education and training for new agents.
  - a. How does RMA measure success across these partnerships?



Generally, success across the Building Resiliency partnership will be measured in recruitment of enrollees that go on to become employed agents and loss adjusters. Ultimately, we hope to see crop insurance participation numbers increase for producers from historically underserved communities because of this program.

- b. Are there areas of the country where the number of agents is disproportionate relative to the number of producers eligible to purchase crop insurance policies? What is RMA doing to help address this?

Yes, in particular, historically underserved communities including some regions like the Northeast and areas like urban production. Crop insurance is a public-private partnership. Agents and adjusters represent private companies who are subsidiaries of Approved Insurance Providers, or AIPs. Agents sell and service policies, and they need to conduct outreach in underserved areas. Unfortunately, if it is not cost effective for agents to do this, they may lack incentive. RMA's Building Resiliency pilot program, and other programs - such as Risk Management Education program, seek to educate and inform producers about the availability of insurance and better serve these communities.

2. Producer input is extremely important to the development of Federal Crop Insurance Program policies through the 508(h) process. However, the Federal Crop Insurance Board that is tasked with reviewing and approving these new and improved policies has been short-handed since early in this Administration's tenure. Two of the non-USDA Board seats remain vacant.
  - a. When do you expect to have these seats filled?  
  
The two open vacancies will be filled prior to the May 2023 FCIC Board meeting.
  - b. How many proposals have been reviewed without a full Board?  
  
During the vacancy the Board continued to operate at normal capacity reviewing 33 unique submissions.
  - c. How many proposals have been approved or denied without having a full Board?  
  
During the vacancy the Board continued to operate at normal capacity approving 17 unique submissions for implementation.
3. Several stakeholders within the crop insurance industry have expressed concern regarding administrative and operating expenses not experiencing an inflationary adjustment since 2015. Statute did not require the elimination of the inflation adjustment, and Section III(a)(2)(J) of the Standard Reinsurance Agreement allows for these kinds of adjustments to be made without cancellation of the existing Standard Reinsurance Agreement. The Consolidated Appropriations Act of 2023 provided language directing the Risk

Management Agency to reinstate this inflationary adjustment. How does the Agency plan to address this?

RMA distributes administrative and operating (A&O) subsidy to Approved Insurance providers based on the terms of the Standard Reinsurance Agreement (SRA). A&O reimbursement rates are a financial term of the SRA and cannot be changed administratively without a renegotiation. In addition, the Agriculture Act of 2014 requires that any negotiation be done in a manner that, to the maximum extent practicable, is budget neutral with regards to A&O payments and underwriting gains. At this time, RMA does not have plans to renegotiate the SRA, but certainly in any future renegotiation suggestions regarding compensation of crop insurance agents who sell, and service specialty crops can be considered.

The Consolidated Appropriations Act, 2023, authorized additional compensation to the Approved Insurance Providers for the 2021 reinsurance year but did not provide additional authority nor funding for future years.

4. The Federal Crop Insurance Program is designed to provide risk management tools to producers of agricultural commodities. How would the RMA respond to proposals seeking to expand coverage to also include first handlers of agricultural products?

These types of proposals would likely need additional legislative authority. We would be glad to discuss specifics of these proposals and provide technical assistance if warranted.

#### **Senator Sherrod Brown**

1. Preserving and strengthening crop insurance for farmers comes up every time I talk with farmers.

Diversified farmers and those selling into local and regional markets have told me that we need to strengthen and improve the Whole Farm Revenue Insurance Protection Program.

Ms. Bunger: I know RMA has made some improvements to this program over the past two years, but I hear it's not enough.

- a. What further changes can be made to ensure the program works for diversified and local farmers and how can we work together on that?

Expanding crop insurance for diversified and organic farmers is a priority of this Administration. RMA has made significant advancements the last 2 years, but we know we have more work to do. For 2023, we have doubled the eligibility for Whole-Farm Revenue Protection (WFRP) and tripled the eligibility for the Micro Farm Program that helps smaller, diversified farmers. We offer an organic price for more than 80 crops, and last year nearly 2 million acres of organic crops were insured, which is a record.

We plan to better serve these producers through increased opportunities to receive their feedback. This winter, RMA hosted several roadshows to promote Whole-Farm Revenue Protection and Micro Farm that provided direct outreach to more than 2,000 producers and insurance professionals. We plan to replicate this approach in the future for to engage other producers on other topics, including organic. The promotion of safety net options specialty crop growers has been made a priority for the agency, with employees at the national and regional offices specifically devoted to this focus. We would be glad to connect these folks with your staff.

**Senator Michael F. Bennet**

1. Over the last five crop years, what were the top five causes of loss that the Risk Management Agency paid out on Crop Insurance policies?
  - a. What were the top causes of loss in each region of the country in the last growing season?
 

The top five causes of loss over the last five crop years are drought, excess moisture, excess heat, hail, and freeze. Excess moisture or drought-related causes of loss were the primary impacts across the country during the last growing season.

**Senator Cory Booker**

1. I appreciate your efforts to train and recruit crop insurance agents in underserved areas. Please shed light on the Underserved Agent/Loss Adjuster Training Pilot, specifically:
  - a. How is the program structured?
 

In 2022, RMA partnered with the Intertribal Agriculture Council (IAC), Annie's Project, the Rural Coalition, and Alcorn State to develop and deliver the Building Resiliency pilot program over a two-year period. The project's strategic engagement is with minority-serving institutions and underserved stakeholder groups. Through these partners, we deliver activities to establish a pipeline of crop insurance agents and adjusters within the underserved communities, who can service farms typically producing specialty or organic commodities (both crops and livestock), or those marketing to local, regional, specialty, or direct markets.

The focus of this project is to educate and inform ~~the~~ those from traditionally underserved communities about becoming crop insurance agents and adjusters within their communities; and then to provide the mechanism and preparation to gain employment in the crop insurance sector. Ultimately, this project is designed to provide the educational framework and a career development conduit for these community members to be licensed by a State (after passing competency examinations) and the requisite crop insurance certifiers in the private sector.

The partners, led by the IAC, will leverage a diverse set of networks, working in concert through engagement and outreach to strategically build new relationships across the crop insurance sector with public and private entities to bridge the gap of crop insurance resources delivery to the historically underserved producers and ranchers.

b. Can you provide a breakdown of the specific activities the funding is used for?

The program is free for the participant and the pilot funding covers all expenses incurred by RMA's four partners. This includes recruitment activities, training supplies, course curriculum development for agent and loss adjuster licensing, exam fees, career development training, job fair entry, and project management and oversight.

c. What areas of the country do you see as underserved in terms of crop insurance agents and loss adjusters?

We have found that historically underserved communities throughout the country, including African American, Hispanic, Native American, Asian American, and Pacific Islander agricultural communities, and smaller operations, have low participation rates in Federal crop insurance. The goal with this pilot and others is to ensure the communities are better served with information and services, thus increasing participation in Federal crop insurance, and strengthening of the national farm safety net.

d. Do you have a goal for how many crop insurance agents and risk adjusters the program will train?

RMA anticipates that nearly 100 participants will enroll in the program and be trained, credentialed, and potentially employed as agents or loss adjusters.

e. What results have you seen so far, in terms of crop insurance agent and adjuster recruitment?

The IAC, Annie's Project, the Rural Coalition, and Alcorn State University will host numerous recruitment events to share information, solicit involvement and ultimately commit participants in the pilot program. We expect to see strong participation in the crop insurance agent training and the loss adjustment training when they are offered in the summer, and will have better data at the end of the calendar year.

f. What are the successes of the pilot? What have you learned from this pilot so far? Where are areas where the pilot can be improved?

The pilot is currently reaching the half-way mark. Success thus far is based on the large number of recruitment and outreach events conducted by RMA and our partners to secure a goal of 75

participants in the program. In addition, the training platform will be officially rolled out at the end of July 2023, and participants will have started online training already. RMA and our partners have also developed a plan for working with the crop insurance industry to deliver loss adjuster training efficiently and effectively at the national and local levels.

RMA has learned that there is a need for agents and loss adjusters in the underserved communities to build financial stability. Many growers in these communities are not aware of Federal crop insurance itself. Some that are aware of it have voiced reluctance to participate due to additional costs or mistrust of USDA. This is the first year of this pilot program; RMA will conduct after action reviews to determine areas for improvement. There is a lack of uniformity across partners with enrollment deadlines—this may be something we can address in future iterations.

- g. What barriers have you found to people becoming crop insurance agents and risk adjusters? Why are some people not interested in joining these occupations?

Some of the barriers include time commitments and false impressions. Most participants in the program study for licensing after work. The funding does not cover a stipend, so most participants work regular jobs during the day. Additionally, some people have the impression that the profession is “too complicated.”

2. Thank you for spearheading an initiative to connect underserved producers to crop insurance through risk management education. Can you please speak to the work under the Crop Insurance Navigators Pilot Program, specifically:
  - a. How many Navigators do you plan to recruit? How many farmers do you hope to train?

RMA partnered with the University of Arkansas who plans to recruit five Navigators to strengthen outreach and technical assistance to farmers and ranchers across 13 southern states (Alabama, Arkansas, Georgia, Florida, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia). We anticipate that the Navigators will reach at least 1,400 farmers and ranchers under this pilot.

- b. What results have you seen so far, in terms of the number of trained Program Navigators and the number of producers they were able to engage?

Currently four Navigators have been hired and are receiving training on crop insurance and risk management tools. The University has also hired one project manager to oversee the partnership effort. They have already reached about 600 producers and agricultural professionals.

- c. What are the successes of the pilot? What lessons have you learned from the pilot? Where are areas where the pilot can be improved?

The Navigator Pilot is a two-year effort. So far, 80 percent of the Navigator team has been hired and they have already reached about 600 producers and agricultural

professionals. The Agency is also working hard to transfer knowledge about the Federal crop insurance program and other risk management tools and to provide a formal training platform for the Navigators. Through this process, we have learned that many underserved producers are not aware of RMA programs and the resources the agency provides to farming operations. RMA will continue to assess the pilot to ensure that it is a success.

**Senator Peter Welch**

1. Many farmers describe existing crop insurance rules and guidelines as an impediment for their diversified and climate-friendly production systems. To illustrate one barrier, the Risk Management Agency's definition of "Good Farming Practices" denies farmers an indemnity if yields decline – even though temporary yield drags are customary when adopting a new conservation practice. This disincentivizes producers from adopting what is otherwise considered a "Good Farming Practice" for fear of losing their coverage. How can this barrier be rectified?

We would be glad to look at this issue more closely and follow up with your office.

2. Crop insurance policies incentivize fallow, mono cropping, excessive fertilizer and pesticide use, while discouraging or prohibiting continuous cropping, intercropping, cover crops, grazing and diverse crop rotations. How can crop insurance be reformed to better support regenerative practices?

We have updated our policies recently to ensure farmers are able to plant cover crops and utilize cover crops and farmers can now plant a cover crop on prevented planted acres and graze the cover crops without a reduction in the prevented planting payment. In addition, we have made improvements to Whole-Farm Revenue Protection and Micro Farm, which promotes farmers growing diverse crops. Private submitters may also utilize the 508(h) process to develop and submit new products for review, which could include the cropping systems that you mention. We would be glad to discuss these concerns further with your office.

3. How has RMA worked to make crop insurance options more accessible and appropriate for diversified and organic producers, and what do you see as the path forward for expanding crop insurance to better serve all farmers?

Expanding crop insurance for diversified and organic farmers is a priority of this Administration. RMA has made significant advancements the last 2 years, but we know we have more work to do. For 2023, we have doubled the eligibility for Whole-Farm Revenue Protection (WFRP) and tripled the eligibility for the Micro Farm Program that helps smaller, diversified farmers. We offer an organic price for over 80 crops, and last year almost 2 million acres of organic crops were insured, which is a record.

We plan to better serve these producers through increased opportunities to receive their feedback. This winter, RMA hosted several roadshows to promote Whole-Farm Revenue Protection and Micro Farm that provided direct outreach to more than 2,000 producers and insurance professionals. We plan to replicate this approach in the future to engage other producers on other topics, including organic. The promotion of safety net options for specialty crop growers is a priority for the agency, with employees at the national and regional offices specifically devoted to this focus. We would be glad to connect these folks with your staff.

**Senator Roger Marshall, M.D.**

1. The 2011 Standard Reinsurance Agreement (SRA) established a widely applicable cap on the Administration & Operating (A&O) expense subsidy. From 2011 through 2015, the cap was adjusted annually to keep pace with inflation, but the inflation adjustments were discontinued in 2016, meaning its value today remains fixed in 2015 dollars. Agent compensation has been stagnant ever since. The omnibus spending package included report language saying that the USDA has the legal authority to index A&O for inflation without reopening the SRA.
  - a. Given Congress has said RMA has the power to do this now, when can crop agents expect this inflation adjustment to be made available?

RMA distributes administrative and operating (A&O) subsidy to Approved Insurance providers based on the terms of the Standard Reinsurance Agreement (SRA). A&O reimbursement rates are a financial term of the SRA and cannot be changed administratively without a renegotiation. In addition, the Agriculture Act of 2014 requires that any negotiation be done in a manner that, to the maximum extent practicable, is budget neutral with regards to A&O payments and underwriting gains. At this time, RMA does not have plans to renegotiate the SRA, but certainly in any future renegotiation suggestions regarding compensation of crop insurance agents who sell, and service specialty crops can be considered.

The Consolidated Appropriations Act, 2023, authorized additional compensation to the Approved Insurance Providers for the 2021 reinsurance year but did not provide additional authority nor funding for future years.

**Senator John Thune**

1. USDA's Economic Research Service estimated this week that net cash farm income is estimated to fall more than 20 percent in 2023. While this followed an increase in 2022, the chart released by USDA illustrates a pattern of increases and decreases – rather than a steady and consistent approach of good times in agriculture.
  - a. From your perspective, how can the farm safety net be improved to ensure it's effective for the challenging times ahead?



Farm policy of the last half century established new commodity programs, crop insurance, and standing disaster assistance with the intent to create a safety net to prevent the need for ad hoc programs like ERP. We need to ensure that our producers have access to tools to mitigate the impacts of natural disasters, including our emergency conservation programs, crop insurance and non-insured crop disaster assistance (NAP), and our full suite of livestock and crop disaster assistance programs. In order to ensure producers are taking advantage of indemnification through crop insurance and NAP, we leverage a requirement to purchase coverage for two years under ERP.

Insurance has been and will always be the best protection for producers against financial losses in the face of natural disasters. RMA is committed to making risk management tools more accessible to small and mid-sized farms, specialty crop producers, and underserved producers. While RMA offers a suite of crop insurance products, FSA also has existing tools that producers may utilize to prepare for increasingly frequent extreme weather events. The Non-insured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of non-insurable crops to protect against natural disasters that result in crop losses, low yields, or prevent planting entirely.

2. One of my priorities continues to be improving the safety net for livestock producers. We have seen rapid growth in the last few years in terms of livestock and dairy policy purchases within the federal crop insurance program, which has been helpful in providing farmers and ranchers access to new risk management tools. The private sector bears significant risk for the various federal crop insurance policies, and large, rapid growth in capacity can sometimes be difficult for the private markets to adjust to – especially with inflation rates where they are today.
  - a. Can you talk a little bit about how the reinsurance market that provides backing for our insurance companies is viewing the shift?  
Approved Insurance Providers would be the best source to discuss their individual difficulties in obtaining reinsurance outside of the Federal Crop Insurance Corporation.
  - b. Have there been any issues with getting necessary financial backing to continue to support these policies?  
  
Approved Insurance Providers would be the best source to discuss their individual difficulties in obtaining reinsurance outside of the Federal Crop Insurance Corporation. RMA is working with the Approved Insurance Providers to explore flexibility on reinsurance provided by the Federal Crop Insurance Corporation as well as other enhancements to aid in paying livestock claims.
  - c. How can we address any concerns in this space so that we can continue to see growth in a way that is helpful to our farmers and ranchers?



RMA is committed to ensuring livestock producers continue utilize these vital policies and we will keep you updated of any concerns. We would be glad to discuss any concerns and provide technical assistance.

3. Fiscal year 2023 appropriations legislation included language to recognize that USDA has the authority to index administrative and operating (A&O) expense reimbursement each year. As you know, crop insurance is the cornerstone of the safety net. A&O needs to be indexed to support private sector delivery of this important risk management tool. USDA now has the authority to update it, and I encourage the department to exercise its authority and update it. I also urge you to consult with the committees of jurisdiction before announcing a decision.
  - a. What is the status of USDA's implementation of this authority?

The Consolidated Appropriations Act, 2023, authorized additional compensation to the Approved Insurance Providers for the 2021 reinsurance year but did not provide additional authority or funding for future years.

While RMA appreciates the hard work and dedication of agents in servicing America's farmers and ranchers, such relief cannot be granted without a renegotiation of the Standard Reinsurance Agreement (SRA). A&O reimbursement rates are a financial term of the SRA and cannot be changed administratively without a renegotiation. In addition, the Agriculture Act of 2014 requires that any negotiation be done in a manner that, to the maximum extent practicable, is budget neutral with regards to A&O payments and underwriting gains. At this time, RMA does not have plans to renegotiate the SRA, but certainly in any future renegotiation suggestions regarding compensation of crop insurance agents who sell, and service specialty crops can be considered.

U.S. Senate Committee on Agriculture, Nutrition, and Forestry  
*Farm Bill 2023: Commodity Programs, Crop Insurance, and Credit*  
 February 9, 2023  
 Questions for the Record  
**Mr. Zach Ducheneaux**

**Chairwoman Debbie Stabenow**

1. You oversee thousands of dedicated USDA staff across the country who we count on to implement the Farm Bill, and a series of complex ad hoc programs over the last several years. I hear from Michigan farmers about USDA's ability to adequately staff local offices. What can be done in the next farm bill to make sure USDA is able to deliver the wide range of programs farmers utilize?

Response:

Staffing levels in county offices is just one component of reaching and delivering assistance to agricultural producers. Other avenues include:

- Partnerships to improve outreach.
- Programs designed to be flexible and less one-size-fits all
- Process improvements to let staff and producers use time better (Emergency Relief Program (ERP) and Noninsured Assistance Program (NAP)) and self-service or meeting producers where they are instead of only having the counter-service model.
- Improving IT systems that are often antiquated, but limited funds to replace (e.g. Farm Loan IT modernization and replacement of KOBOL)
- Better match skills and work (County Committee (COC) for mentorship and outreach; dedicated accountants, data scientists and tax professionals to help with complicated cases and accountability)

Specific to the staffing: broader conversion authority for interns and pathways-type programs; build a pipeline to have a readily available pool of pre-qualified County Office Trainees (COTS) and Farm Loan Officer Trainees (FLOTS); and better leverage and invest in cooperative agreements.

2. As reported by FSA forms filed pursuant to the Agriculture Foreign Investment Disclosure Act (AFIDA), the amount of U.S. agricultural land in which foreign persons hold an interest has nearly doubled over the last 10 years from 22.7 million acres in 2010 to approximately 40 million by the end of 2021. How does the Farm Service Agency currently enforce the AFIDA and are changes needed in the farm bill as the amount of U.S. ag land held by foreign individuals continues to increase?

Response:

Fundamentally, there is widespread misunderstanding about the land records that are collected as part of USDA programs. USDA does not keep the ownership records of all agricultural land in the nation. Ownership and use of land is regulated at a state and local level. USDA has records of farms that participate in its voluntary safety net and conservation programs (and land held by foreign investors, see below). Land that does not participate in a farm program, or where the owner or operator knows they are ineligible for a farm program, is typically not in our system. This makes the enforcement of AFIDA particularly challenging, especially with no dedicated funding for enforcement.

The AFIDA of 1978 is enforced through provisions of the regulation (published at <https://www.ecfr.gov/current/title-7/subtitle-B/chapter-VII/subchapter-D/part-781>) and the handbook (available at [https://www.fsa.usda.gov/Internet/FSA\\_File/1-afida\\_r02\\_a02.pdf](https://www.fsa.usda.gov/Internet/FSA_File/1-afida_r02_a02.pdf)). As detailed in the Foreign Investment Disclosure handbook, FSA state and county offices make efforts to ensure that foreign investors are aware of AFIDA, but as noted, they are often not participants in our other programs. For example, county offices periodically send informational letters to remind real estate agents, real estate attorneys, and mortgage lenders in the county of reporting requirements. A tri-fold (“Foreign Investors Who Hold Agricultural Information What They Should Know About the Agricultural Foreign Investment Disclosure Act of 1978”) and a poster (“Foreign Investors Must Report Agricultural Land Ownership to U.S. Department of Agriculture”) are available to county offices. In addition, AFIDA staff at headquarters (in the Economic and Policy Analysis Division of the FPAC Business Center) reach out to major foreign companies when acquisitions appear in the news and remind them of the law and its filing requirements. Other organizations, such as the National Association of Realtors, have specific webpages targeted to foreigners providing information on laws associated with the acquisition of U.S. land, including AFIDA. Ultimately, however, foreign persons, as defined by AFIDA, are expected to know the laws of the United States.

AFIDA staff at headquarters evaluate each form and verify that the filing is complete and that no issues are apparent—whether the filing is initially sent to county offices and forwarded on to headquarters or, in the case of large filings, sent initially to headquarters. On occasion, obvious errors or omissions appear in filings. As an example: the acres may not be consistently reported for a corporation in responses to different questions on the form. In situations where questions arise, AFIDA staff interact with the filer (or the filer’s representative) to ensure an accurate understanding of the situation and that the filing is corrected, as needed. Further, if an amendment is filed by the foreign investor (for example, the sale of land associated with an existing filing, change of legal name of a company, etc.), the representative is contacted to clarify the change if it is not clearly presented in the AFIDA filing.

USDA has provided various technical assistance (TA) regarding updates to AFIDA, one of those is a statutory language change to require AFIDA filers to obtain an FSA farm number. This would allow USDA to link AFIDA data easily with information on farm program payments, crops produced, and other data. We also provided TA on language that would require funds generated through penalty assessments to flow to FPAC for

AFIDA modernization purposes, rather than to the U.S. Treasury. Explicit statutory authority would be needed to meet any additional requirements of the farm bill as well.

3. I have worked to improve risk management access for producers who do not have access to crop insurance through the Noninsured Crop Disaster Assistance Program (NAP) by adding “buy-up” coverage options, increasing total payment amounts under buy-up coverage, and encouraging data sharing between FSA and RMA to improve pricing data and ensuring losses like quality loss are covered. However, I continue to hear challenges with using the program and NAP coverage levels do not adequately reflect market prices for fruits and vegetables and lack of organic market price data. How has USDA worked to provide better coverage for producers under NAP? How can we improve pricing data available under the NAP program, and are there other updates to NAP that Congress should consider to ensure it is a viable risk management option for those who can't access crop insurance?

Response:

In January 2023, USDA amended the NAP federal regulation to automatically provide basic NAP coverage at the catastrophic level based on producers certifying that they are underserved. While producers still will need to file a notice of loss and have an opportunity to provide production history, this change eliminates the initial separate application process for underserved farmers and ranchers who are already eligible for catastrophic coverage without paying a service fee. The catastrophic coverage for underserved producers, once in effect, will be treated as continuous coverage for all eligible crops as long as the producer's certification is valid. Many underserved producers have previously filed a certification of their underserved status with FSA, and those producers will be considered as having timely applied for catastrophic coverage for the 2022 crop year if the certification was filed before the deadline for application for the NAP coverage period. In addition to the regulation change, the Deputy Administrator for Farm Programs provided flexibility to established deadlines ensuring adequate opportunities were afforded to complete notices of loss and applications for payment. Further, in an effort to expand NAP participation, the Deputy Administrator for Farm Programs recently authorized a mailing to those that produce NAP-eligible crops but did not take advantage of coverage in the previous year. That universe of over 540,000 producers was identified through their acreage reports.

Given the limitations in available pricing data for NAP, FSA recommends that we rely on data from our partners in university extension and where that information is not readily available, we rely on industry standards, and in lieu of that data, we allow for self-certification by the producer. This practice has served the agency well in other disaster programs and would be beneficial to NAP participants that do not have access to robust data sources.

4. The Organic Certification Cost Share Program (OCCSP) is a valuable tool for organic farmers to offset the total cost of certification. USDA is permitted by statute to reimburse producers and handlers up to 75 percent of their certification costs up to \$750. However,

due to funding shortfalls, USDA has only been reimbursing organic farmers and handlers up to 50 percent of their certification costs up to \$500 per program year.

- a. Please describe the funding shortfalls that led USDA to reduce reimbursement rates from 75 percent to 50 percent for eligible farmers and handlers.

Response:

Incorrect estimates were initially provided on remaining carry-over balances. In addition, the hybrid federal and state process adds complexity and requires some additional reserves. So, due to the process and timetable allowed for states to utilize the grant funding and to return unused funding, it became difficult to continue with the maximum levels until 2023, where FSA was provided a higher level of additional funding in the amount of \$8 million to be used in conjunction with remaining funding from previous years.

- b. How has USDA worked to support organic farmers and handlers given this reduction in reimbursement rates?

Response:

The years impacted due to the decreased funding were fiscal years 2020, 2021, and 2022. The USDA set aside \$20 million of CARES funds to establish the Organic and Transitional Education and Certification Program (OTECP) which in part paid producers for 25 percent or up to \$250 on top of any assistance provided under OCCSP. OTECP also expanded eligibility to assist customers with costs associated to transitioning to organic and some additional training and continuing education costs.

- c. Does USDA have sufficient funding to fully restore the full authorized reimbursement levels for the OCCSP for program year 2023?

Response:

For program year 2023 the USDA has roughly \$10 million available which we believe to be sufficient to fully restore the reimbursement levels to 75 percent, not to exceed \$750.

- d. What amount of annual funding is necessary to ensure eligible organic farmers and handlers are reimbursed at 75 percent of their certification costs up to \$750, as permitted by statute? Does this figure take into consideration the expected increase in new certified organic operations eligible for the program because of the recently finalized Strengthening Organic Enforcement (SOE) rule, which expanded the types of operations required to become certified?

Response:

Our estimate for program year 2023 is roughly \$9.7 million. This analysis was completed and assumed 75 percent of the new certified organic operations would

come in under program year 2023 and that the remaining would not apply until the deadline in 2024.

- e. Many in the organic community have recommended that the statutory reimbursement limit of \$750 per operation per year be updated to keep pace with the increased cost of organic certification. What effect would an increase in the statutory reimbursement limit have on USDA's ability to serve organic farmers and handlers, particularly those who are small or limited resource operators?

Response:

The 2018 Farm Bill only provided funding until fiscal year 2023. If additional funding through new legislation is provided to FSA to increase the reimbursement limit, FSA could quickly issue the funds to producers through existing systems, which would result in much needed assistance to small and limited resource operators.

5. I appreciate the work the FSA has done in implementing and updating various programs to support dairy producers across the country, including the recent Pandemic Market Volatility Assistance Program, Organic Dairy Marketing Assistance Program, and incorporating high-quality alfalfa hay prices into the Dairy Margin Coverage program so it's more reflective of dairy producer expenses. In the Consolidated Appropriations Act, 2021, I worked to secure several provisions to support dairy producers including the Supplemental Dairy Margin Coverage (DMC) payments. This was intended to help small and mid-size dairy producers by allowing them to update their production history under the DMC program to better reflect the current production levels on the farm.
- a. Can you provide any updates on the participation in the Supplemental DMC program? How many producers took advantage of this option to update their production history compared to the number of eligible DMC participants? Does USDA have any projections on the anticipated impacts this will have on producers who enrolled in Supplemental DMC?

Response:

Approximately 4,000 dairy operations (22 percent) of 17,900 DMC participating dairy operations established supplemental production history and enrolled that production in SDMC that was effective for the years of 2021 and 2022. For 2023, due to the continued trend of dairy operations dissolving across the country, 2,500 DMC dairy operations are participating in SDMC.

SDMC payments by year:

| Year            | Payments       |
|-----------------|----------------|
| 2021            | \$42.8 million |
| 2022            | \$2.9 million  |
| 2023 (2 months) | \$2.9 million  |

Note: DMC margin payments are projected for the 1st 11 months of 2023. Consequently, the full year 2023 SDMC payments may be in the range of 2021 SDMC payments.

- b. The 2018 Farm Bill made significant improvements to the dairy safety net by improving the DMC program for small and mid-size producers and ensuring all dairy producer have access to the Federal Crop Insurance Program. How have the changes made in the 2018 Farm Bill assisted dairy producers and does USDA have any suggestions for how to improve DMC in the upcoming farm bill? DMC enrollment numbers are still significantly below the number of total licensed dairy operations in the country; are there additional ways to encourage DMC enrollment or to encourage more producers to enroll at higher coverage levels in the upcoming Farm Bill?

Response:

USDA has taken several steps to improve the dairy safety net. In December 2021, as part of the Biden-Harris Administration's ongoing efforts to support dairy farmers and rural communities, USDA expanded DMC to allow dairy producers to better protect their operations by enrolling supplemental production. Supplemental DMC has provided assistance to better help small- and mid-sized dairy operations that have increased production over the years but were not able to enroll the additional production. Through Supplemental DMC, these dairies have been able to retroactively receive payments for that supplemental production.

Additionally, USDA's FSA updated how feed costs are calculated under DMC, which makes the program more reflective of actual dairy producer expenses. Specifically, USDA updated the DMC feed cost formula to better reflect the actual cost dairy farmers pay for high-quality alfalfa hay. FSA now calculates payments using 100% premium alfalfa hay rather than 50%. The amended feed cost formula makes DMC payments more reflective of actual dairy producer expenses.

Most recently, in January 2023, USDA announced the details of additional assistance for dairy producers, including a new Organic Dairy Marketing Assistance Program (ODMAP). The ODMAP, which will be administered through the FSA, will enable USDA to better support small- and medium-sized dairy operations who weathered the pandemic and now face other challenges.

USDA remains committed to conducting outreach directly and through partnerships with stakeholders to continue to encourage dairy farmers to consider the DMC safety net. But it is a voluntary program and anecdotally, USDA has heard that there are some farmers especially among the Plain Community that will not participate in government programs. There may also be a small subset of large dairies that use crop insurance or self-insure and have decided not to enroll.



Organic producers, while eligible for the program, may decide not to participate since the program triggers are related to conventional milk.

**Ranking Member John Boozman**

1. Please provide a full report on the current state of employment in Farm Service Agency Offices, to include:

- a. Vacant openings in Washington, DC, state offices, and county offices.

Response:

As of February 25, 2023, FSA has 99.25% on board employment for HQ (2 vacancies), 94.88% on board employment in State Offices (146 vacancies), 95.49% on board employment in County Offices (343 vacancies).

- b. Percent of USDA FSA employees eligible for retirement.

Response:

Of the 10,659 employees on board as of February 25, 2023, 15.24% are currently eligible to retire.

- c. USDA FSA's plan of action to fill open opportunities as well as replace retiring employees, and number of hired employees since February 22, 2021.

Response:

FSA processed 3,493 hiring actions since February 22, 2021.

Currently FSA is realizing declining applicant numbers and increased attrition, FSA has redoubled its recruitment and retention efforts. Independently, and also in coordination with the FPAC Business Center, FSA has developed recruitment plans to engage with communities, leadership groups, 1890 Scholar and 1994 Scholar programs, as well as increasing efforts to utilize Pathways, other internship programs, and noncompetitive hiring authorities. For example, the increased use of the Pathways and other intern programs is diversifying our workforce at entry grade levels and the Agency is focusing on successful conversion of these interns to permanent employment. FSA plans to continue use of incentives and other available tools to assist with recruitment and retention for both our State and County office vacancies.

- d. List of offices offering in-person service, and at what threshold (three days a week, or by appointment only, etc.).

Response:

All FSA Service Center offices are available for in-person service. FSA operates 2,125 Service Centers of which 2,006 are open full-time, five days a week and 119 offices are open on a part-time, publicized schedule or by appointment. Since



2005, FSA has continued to improve producer sign-up options so offices have the ability to provide nationwide customer service where producers can visit any office to inquire on the status of applications, file applications, or get help from FSA. The Agency has also recently expanded service opportunities by offering digital and virtual services from all county offices.

- e. List of offices exclusively offering virtual services.

Response:

All FSA Service Center offices are available for in-person service. However, virtual customer service is also available, as requested.

- f. List of offices offering a hybrid of in-person and virtual services.

Response:

All FSA Service Center offices provide in-person services; however, virtual customer service is also available, as requested.

- g. Current number of employees working in the office, teleworking, or a hybrid of the two; please provide examples of a hybrid work structure.

Response:

FSA currently has 10,659 employees onboard as of February 25, 2023. Of the total number of employees working in FSA offices, 8,831 employees have a telework agreement in place of which, 2,047 have a regular/recurring telework schedule and 6,784 have an ad-hoc/non-scheduled or situational agreement.

- h. Number of current USDA FSA employees living outside the United States.

Response:

All USDA FSA employees currently have recorded residence addresses within the United States and its Territories.

2. The Department has made changes to the Noninsured Crop Disaster Assistance Program (NAP) to help remove barriers to entry for this program. How have these changes impacted participation in the program?

Response:

In January 2023, through an amended regulation, FSA designated the CCC-860, Socially Disadvantaged, Limited Resource and Beginning Farmer or Rancher Certification as an application for basic 50/55 NAP coverage beginning with the 2022 crop year providing immediate NAP access to participants eligible for NAP service fee waivers who had previously certified to their status as a socially disadvantaged farmer or rancher, beginning farmer or rancher, or veteran farmer or rancher. After the conclusion of the 2023 crop year, we will be able to provide data showing the increase of NAP applicant participation from crop year 2022 to crop year 2023.

3. The May 16, 2022, announcement of the Emergency Relief Program Phase 1 referred specifically to the Milk Loss Program and On-Farm Stored Commodity Loss Program as being announced in a future rule. Can we anticipate that those would be standalone programs similar to how they previously functioned?

- a. When will these programs be rolled out?

Response:

FSA has taken steps to support effective and efficient program delivery by addressing assistance for 2020, 2021, and 2022 milk loss as authorized by the Extending Government Funding and Delivering Emergency Assistance Act of 2021 and the Consolidated Appropriations Act, 2023 in one *Federal Register* publication forthcoming this summer. The assistance will be for 2020, 2021, and 2022 milk loss and provides payments to eligible dairy operations for milk that was dumped or removed without compensation from the commercial milk market due to droughts, wildfires, hurricanes, floods, derechos, excessive heat, winter storms, freeze (including a polar vortex), and smoke exposure that occurred in the 2020, 2021, and 2022 calendar years, as well as tornadoes for the 2022 calendar year.

On farm stored commodity losses are included under ERP Phase 2 which embraces a holistic whole farm revenue approach when providing disaster assistance for eligible crop losses to target gaps in previous emergency assistance. Under ERP Phase 2, assistance will be calculated based on the difference between benchmark year revenue (2018 or 2019) and disaster year revenue (2020, 2021, 2022)

- b. If these programs are not rolled out separately, how will these losses be incorporated in the revenue loss design of Phase 2?

Response:

On farm stored commodity losses are included under ERP Phase 2 which embraces a holistic whole farm revenue approach when providing disaster assistance for eligible crop losses to target gaps in previous emergency assistance. Under ERP Phase 2, assistance will be calculated based on the difference between benchmark year revenue (2018 or 2019) and disaster year revenue (2020, 2021, 2022)

4. Across the State of Arkansas as well as the nation, I continue to hear from qualified lenders in regards to IRA Section 22006. During our meeting on November 30, 2022, you committed to providing information on the comparative number of guaranteed and direct borrower payments. Could USDA please provide this information, to include the current percentage of Section 22006 funds that have been relinquished.

Response:

**IRA Payments as on January 27, 2023**

| Program    | Number of Borrowers | Number of Loans | IRA Payment Amount | Percentage of Total Dollars |
|------------|---------------------|-----------------|--------------------|-----------------------------|
| Direct     | 12,747              | 26,581          | \$746,583,661      | 90.6%                       |
| Guaranteed | 259                 | 417             | \$77,090,225       | 9.4%                        |

5. Using the definition of “economically distressed farmers” that USDA considered for IRA Section 22006 payments, if information is available, please provide broad demographic data which illustrates the makeup of borrowers in regard to individual’s:
- a. State or Region
  - b. Age
  - c. Gender
  - d. Race
  - e. Type of Production
  - f. Farm Size
  - g. FSA loan type
    - i. Direct or Guaranteed
    - ii. Ownership or Operating

**Response:**

FSA has not tracked IRA assistance based on age, race, gender, type of production or farm size as that information was not necessary in order to provide assistance to distressed farmers. FSA is able to provide a state-by-state summary of IRA assistance to date based on state and loan type (enclosed).

6. How is USDA providing meaningful assistance or education to producers who are receiving payments to facilitate an improved financial situation for these farmers, ranchers, and foresters?

**Response:**

In alignment with the Secretary's charge that FSA focus initial IRA assistance on efforts to “stop the bleeding”, payments were issued to severely distressed direct and guaranteed loan borrowers, such as those who were at risk of immediate liquidation. Additional IRA assistance opportunities are now being made available for other financially distressed direct loan customers to address potential cash flow shortfalls. If a borrower’s cash flow budget shows the inability to develop a feasible plan, customers will potentially be eligible for IRA payment assistance on a recently overdue or next installment.

These initial and subsequent IRA assistance opportunities help to remove the delinquency and distress of customers, and temporarily eliminate the need for staff to conduct administratively burdensome servicing actions for many customers. This will allow staff to devote additional resources to work with customers to ensure they can develop plans to stay current.

7. As land costs and farm operating costs continue to rise, the effectiveness of FSA direct and guaranteed loans as useful tools for farmers should be considered. What metrics does USDA currently utilize to determine if current loan limitations are effective? What recommendations would USDA provide to Congress on how to make the FSA loan programs more useful to producers?

Response:

FSA has identified statutory provisions that could be revised or improved to expand credit access and can provide additional details if technical assistance is requested. The 8 items below were included in the President's FY 2024 budget. We are exploring additional opportunities to further update the Farm Loan Program.

- 1) Elimination of Direct Farm Ownership and Operating Loan term limits;
- 2) Improvements to the Emergency Loan program to reduce application and eligibility requirements;
- 3) Reducing Direct Farm Ownership experience eligibility requirements;
- 4) Increasing the Direct Down Payment Loan Program limit;
- 5) Doubling the Microloan limit;
- 6) Opening access to Beginning Farmer benefits to entities comprised of non-related individuals;
- 7) Expanding support for mediation services to Territories and Tribes; and
- 8) Revising Beginning Farmer Funding targets to improve timeliness of loan closings.

#### **Senator Michael F. Bennet**

1. Shortly after the American Rescue Plan Act (ARPA) was signed into law, socially disadvantaged farmers in Colorado received letters in the mail from the Farm Service Agency (FSA) indicating their eligibility for federal loan forgiveness for their farms. Unfortunately, ARPA loan forgiveness was caught in litigation and was eventually repealed by the Inflation Reduction Act (IRA). New provisions for in the IRA qualify a new set of economically distressed farmers for loan forgiveness, yet Colorado farmers have not received the same level of outreach from the national FSA nor their local FSA. In fact, many have received no outreach at all or are receiving unclear, mixed messages on whether they should be paying back their loans, and are being put in a position where they are potentially putting the ownership of their farm at risk.

- a. How is FSA communicating with farmers previously eligible for loan forgiveness under the ARPA Section 1005 who may be eligible for similar relief under the new IRA sections 22005 and 22006 programs?

Response:

All customers previously identified as potentially eligible for ARPA assistance under section 1005 were notified in a letter dated January 10, 2023, of the passage of the Inflation Reduction Act of 2022 (IRA). As part of this letter, borrowers were informed that section 1005 of APRA had been repealed by IRA, and that FSA had no legal authority or funding to execute payments. This letter also informed customers of the assistance opportunities being developed through IRA and provided contact information for customers to inquire about the status of those opportunities.

- b. What is FSA's outreach strategy to ensure economically distressed farmers are receiving information about loan forgiveness and the status of their loans?

Response:

In addition to informative mailings, training to FSA staff, maintaining an active call center and regular updates to a public website, FSA has partnered with several key stakeholders to help engage with customers. These community organizations have a proven history of successful representation of distressed customers and have served as an important advocate and liaison for FSA to relay information regarding IRA assistance.

- c. Is FSA using the county committee structure to communicate with those farmers, and if not, why?

Response:

All FSA staff and elected county committee members have been informed of IRA loan assistance opportunities and continue to serve as a conduit for FSA IRA assistance information to reach communities.

2. As of 2022, how many farms and base acres are planted to grass or pasture as defined in [7 U.S.C. 9012\(d\)?](#)

Response:

| Number of Farms | Base Acres   |
|-----------------|--------------|
| 56,673          | 2,308,271.59 |

- a. What are the top 10 states where these acres exist and how many are in each state?

Response:

| State | Number of Farms | Base Acres |
|-------|-----------------|------------|
| Texas | 8,268           | 726,328.24 |

|                |       |            |
|----------------|-------|------------|
| Oklahoma       | 6,033 | 397,859.32 |
| Kansas         | 3,392 | 144,860.18 |
| Missouri       |       | 83,260.00  |
| Georgia        | 2,711 | 62,719.78  |
| Louisiana      | 1,929 | 98,884.00  |
| North Carolina | 1,746 | 22,256.41  |
| South Dakota   | 1,722 | 66,141.87  |
| Alabama        | 1,692 | 44,231.03  |
| Ohio           | 1,578 | 15,055.79  |

- b. Of these eligible acres, how many of these farms and acres are enrolled in the Conservation Stewardship Program's Grasslands Conservation Initiative?

Response:

Active Conservation Stewardship Program's Grasslands Conservation Initiative  
Contracts – 16,514

Enrolled Conservation Stewardship Program's Grasslands Conservation Initiative  
Acres – 1,343,186

CSP-GCI Active contract acres in the top 10 states

| State        | Acres   |
|--------------|---------|
| Texas        | 494,407 |
| Oklahoma     | 277,521 |
| Kansas       | 87,771  |
| Louisiana    | 56,369  |
| Missouri     | 43,955  |
| Montana      | 39,810  |
| Nebraska     | 30,114  |
| Alabama      | 26,625  |
| Colorado     | 26,063  |
| South Dakota | 24,552  |

**Senator Raphael Warnock**

1. Phase 1 of USDA's Emergency Relief Program (ERP) provided a straightforward process for Georgia farmers to receive vital relief from natural disasters. I have heard from Georgia farmers that the program reduced hours of administrative work for our County Office employees in Georgia. Unfortunately, I have not heard that same praise for Phase 2 of the program. I have heard from Georgia farmers that this phase of the program has been a burdensome and a time-consuming process for everyone involved.

- a. Why did the Farm Service Agency decided to change the application process for Phase 2 as compared to Phase 1?

Response:

ERP Phase 1 was able to leverage information already available to USDA from FSA and RMA records. This is not possible for ERP Phase 2 since it is targeting producers that do not have risk management protection. It still is a simplified approach relative to the predecessor disaster program that requires crop-by-crop planting, production and loss records, which is particularly burdensome for more diversified operations. ERP Phase 2 embraces a holistic whole farm revenue approach to address gaps in previous assistance. While ERP Phase 1 leveraged indemnified loss information on file with the Risk Management Agency (RMA) and Noninsured Crop Disaster Program (NAP) payment data on file with FSA, ERP Phase 2 focuses on the overall revenue loss suffered by the participant as a result of their eligible crop losses which necessitates a traditional application process that considers producer certified allowable revenue that may be obtained from tax documents or other supporting materials for the entire operation instead of for each and every crop. There has been some confusion among producers that are expecting to receive payments from both phases of ERP, when it is likely that a farm that is fully insured would only likely participate in the first phase.

2. As we move forward with farm bill reauthorization, I want to make sure our farmers aren't worried about a last-minute funding scramble from Congress after a disaster. Especially as they become more prevalent due to climate change.

- a. How can we improve the farm safety net in order to minimize the need for these ad hoc programs like ERP?

Response:

Farm policy of the last half century established new commodity programs, crop insurance, and standing disaster assistance with the intent to create a safety net to prevent the need for ad hoc programs like ERP. We need to ensure that our producers have access to tools to mitigate the impacts of natural disasters, including our emergency conservation programs, crop insurance and non-insured crop disaster assistance (NAP), and our full suite of livestock and crop disaster assistance programs. In order to ensure producers are taking advantage of indemnification through crop insurance and NAP, we leverage a requirement to purchase coverage for two years under ERP.

Insurance has been and will always be the best protection for producers against financial losses in the face of natural disasters. RMA is committed to making risk management tools more accessible to small and mid-sized farms, specialty crop producers, and underserved producers. While RMA offers a suite of crop insurance products, FSA also has existing tools that producers may utilize to prepare for increasingly frequent extreme weather events. The Non-insured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of non-insurable crops to protect against natural disasters that result in crop losses, low yields, or prevent planting entirely.

Requiring producers who have utilized ad-hoc disaster assistance to enroll in crop insurance or NAP for two years would help to strengthen the farm safety net as producers would be provided with protection from natural disasters from programs that are not dependent on congressionally-mandated funding. Funding is often available too late for many farmers to recover following a disaster. By leveraging our existing risk management and disaster programs, producers would receive benefits on a more timely basis and could work towards securing adequate coverage levels based on their input and marketing costs associated with the crop.

**Senator Peter Welch**

1. I understand your agency is planning to offer innovative funding for farmers through the FSA's Access to Land, Capital, and Markets initiative—which could be beneficial for a small state like Vermont.
  - a. What do you expect the demand to be for this initiative, and how will this approach open up new relations between FSA and groups that are best positioned to serve these diverse audiences?

Answer:

FSA received 166 applications for the Increasing Land, Capital, and Markets. In the Notice of Funding Opportunity, USDA highlighted mission critical need for projects that provide meaningful support to underserved producers. FSA also incorporated programmatic requirements to increase transparency, communication, and the development of partnerships with the Agency. This includes ongoing engagement throughout the life of the project, participation and coordination with USDA for program development, curriculum development, deployment, and evaluation, impact evaluation. We are hopeful that this work will allow stakeholder organizations to further expand access to USDA programs and services to underserved farmers, ranchers, and forest landowners, including veterans, limited resource producers, beginning farmers and ranchers, and/or farmers, ranchers, and forest landowners living in high poverty areas.

- b. In your view, should this program be made permanent?

Response:

We look forward to working with Congress on technical assistance should it be requested as a part of the Farm Bill.

**Senator John Hoeven**



1. In the 2018 Farm Bill, I worked with Senator Klobuchar to increase loan limits for both FSA Direct and Guaranteed Loans.

- a. Given the increase in input costs, land costs, and inflation, could you share with us how an additional increase in FSA loan limits this Farm Bill could benefit producers by enabling FSA to better serve customers, especially beginning farmers?

Response:

Reliable access to credit is vital for a thriving agricultural economy, and is foundational for beginning farmers seeking entry to production agriculture. As production costs and land values continue to go up, raising FSA loan limits would increase equitable opportunities for all aspiring farmers and ranchers. Moreover, an increase in direct and guaranteed loan limits would obviously assist many family-size farms whose capital requirements are approaching, or in some cases already exceed, the current FSA loan limits. Reflecting upon the increased demand as a result of the 2018 Farm Bill loan limit increase, FSA projects that even a modest increase in direct loan limits of 25% could increase program activity by as much as 20%.

**Senator Roger Marshall, M.D.**

1. I hear a lot about FSA audits. Producers put a lot of work into preparing for and responding to your year-end reviews, and they want things to go more smoothly. These reviews are important tools to reduce waste, fraud and abuse in the system, but I wonder if there is a way that we can streamline the process. Kansas companies have suggested that FSA start its review by just looking at the operation's loan documents, general ledger, financial statements, and Schedules F & K-1 of the tax returns. Then, if there are issues that arise after reviewing these easily obtainable documents, FSA could ask for any or all of the 30+ other documents that it often requires producers to provide.

- a. Would this allow your staff to protect the taxpayer dollar while making sure that the farmers and ranchers you serve do not spend unnecessary time on administrative tasks and document production?

Response:

FSA uses a variety of means to select farms for audits from random sampling to reviews targeted based on high-value payments or questions raised by the local FSA County Committee during application review. FSA is open to ideas to streamline audit procedures and would welcome suggested points of contact.

- b. Do you need any additional authorities to make this change?

Response:

FSA has wide discretion to develop its audit procedures, so likely does not need additional authority. But in addition to authority and processes, FSA is also exploring whether data mining and other additional skillsets through additional staff or cooperative agreement could benefit the process as well.

**Senator Tommy Tuberville**

1. Mr. Ducheneaux, since the implementation of the 2018 Farm Bill, cotton growers have struggled to maintain their bottom line due to skyrocketing inflation, fertilizer, and fuel prices.

The marketing assistance loan program for upland cotton is an essential tool of the cotton safety net to provide positive cash flow for producers and allow for the orderly marketing of cotton.

During the last prolonged government shutdown commodities like cotton were not allowed to be redeemed even though growers were paying the government back for their loan.

Cotton growers and marketers are concerned whether the program will be operational in the event of another shutdown.

Can USDA provide any clarity whether these systems are being automated to be able to fully function in this scenario and if not, will you commit to work with my office and the cotton industry to find a path forward to ensure that this important program is available?

Response:

Since January 2019, several enhancements have been implemented to FSA marketing assistance loan systems. FSA can now turn a specific transaction type on or off independently. For example, FSA could stop loan advances, but continue to allow redemptions. In addition, cotton wire redemption confirmations are now automatic, as are cotton transfer requests; however, transfer termination requests must still be processed by a Federal employee. These improvements allow the agency to be flexible if available services are authorized special exemptions in the event an interruption to government services occurs, provided funding for Marketing Assistance Loans are in place.

2. Mr. Ducheneaux, I have heard concerns from my constituents in Alabama regarding the ad hoc disaster program's slow programmatic process and distribution of funding.

After a devastating natural disaster, such as Hurricane Michael which caused millions in damage to the South in 2018, farmers and communities need funding quickly to get back on their feet and remain in business.

The States of Alabama, Georgia, and Florida received signed block grant contracts from USDA FSA in 2021, almost 3 years after Hurricane Michael. I repeat, 3 years later - when what producers needed was immediate assistance.

In addition to the delays, Alabama was awarded \$24.9 million dollars, but only was able to pay out \$15 million due to the specific criteria imposed and the heavy government influence of FSA dictating how the program should operate. Alabama was then forced to return the rest of the funding to USDA due to the strict limitations on allowable program usages.

The block grants were intended to cover relief not administered by FSA disaster programs or traditional crop insurance, and to help cover agricultural commodity and timber losses due to the hurricane. The intent was for states administering the program to have flexibility to implement the funding as they see fit. However, that has not occurred in practice.

If USDA continues this posture of ad hoc assistance, the funding allocation and programmatic process needs to be greatly improved. The turnaround timeline of the disaster determination and state block grant allocation needs to be shortened to provide funding more quickly to producers. States need flexibility to meet the needs of their producers, not a one-size-fits-all scenario.

What steps do you plan to take to improve the timely distribution of ad hoc disaster funding?

Response:

The implementation of ad hoc disaster assistance for 2018 was prior to my coming to USDA, so I cannot address the details of what occurred under that process.

USDA administers permanent disaster programs along with any ad-hoc disaster assistance that Congress authorizes. There is time needed after legislation is passed to develop, draft, and implement policy as well as software for program implementation; however, after initial program implementation, future years can be seamless, as long as funding and authorizing language allow for a similar implementation plan.

Through the implementation of Emergency Relief Program (ERP) and Emergency Livestock Relief Program (ELRP) for disasters in 2020 and 2021 we were able to timely distribute funding by breaking down agency barriers. More specifically, in the implementation of ERP Phase 1, we leveraged existing data across USDA to send producers pre-filled applications that saved staff and producers over a million hours of work to expediently provide relief to producers. This represents a 90% reduction in time spent by FSA field staff relative to the predecessor program. Similarly, ELRP Phase 1 issued automatic payments to eligible participants for feed losses resulting from drought or wildfire, leveraging data already on file from the Livestock Forage Disaster Program.

In addition, ERP Phase 2 is streamlined by not requiring producers to provide detailed crop-by-crop records and instead using a tax year-based certification that utilizes revenue information readily available from most tax records.

3. Mr. Ducheneaux, Congress paid out \$15 billion in additional ad hoc payments over years 2018-2021, while permanent disaster programs only paid out \$2.6 billion.

Considering the expansion of the Hurricane Insurance Protection-Wind Index (HIP-WI) Endorsements to now include a Tropical Storm Option, which will increase ad hoc spending, how do you propose to wean producers off these extraneous aid packages in the future?

Response:

The Tropical Storm Option provides producers the ability to proactively purchase coverage against tropical storms. This should lessen the need for ad hoc programs because Federal crop insurance will provide a payment based on the terms of the policy. This provides producers and those in their communities' certainty.

- a. Do you plan to continue expanding ad hoc disaster assistance? If so, in what manner?

Response:

Congress determines the scale and terms under which ad-hoc disaster assistance is provided. USDA will implement any ad-hoc disaster assistance that Congress provides in legislation.

- b. Do you believe a thorough analysis of each permanent disaster program would showcase gaps that result in the enhanced reliance on ad hoc disaster assistance?

Response:

Our permanent disaster assistance programs, authorized by Congress through Farm Bills, provide reliable and consistent support to producers in the wake of disasters. In addition, USDA has a heavily subsidized crop insurance program for producers so that they can manage their risk appropriately. Producers benefit from knowing these programs exist and knowing that they can reach out to their local service center to apply for disaster programs should they qualify. Collectively, these programs provide a robust safety net and we are not aware of any gaps to that assistance, despite more regular ad-hoc assistance..

#### **Senator John Thune**

1. USDA's Economic Research Service estimated this week that net cash farm income is estimated to fall more than 20 percent in 2023. While this followed an increase in 2022, the chart released by USDA illustrates a pattern of increases and decreases – rather than a steady and consistent approach of good times in agriculture.

- a. From your perspective, how can the farm safety net be improved to ensure its effective for the challenging times ahead?

Response:

Farm policy of the last half century established new commodity programs, crop insurance, and standing disaster assistance with the intent to create a safety net to prevent the need for ad hoc programs like ERP. We need to ensure that our producers have access to tools to mitigate the impacts of natural disasters, including our emergency conservation programs, crop insurance and non-insured crop disaster assistance (NAP), and our full suite of livestock and crop disaster assistance programs. In order to ensure producers are taking advantage of indemnification through crop insurance and NAP, we leverage a requirement to purchase coverage for two years under ERP.

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2. As you consider eventual farm bill implementation, do you have the staffing resources and information technology capabilities to deliver the farm bill?

Response:

Administrative funds are crucial to support the delivery and implementation of Farm Bill programs. These funds are used to support costs associated with administering these programs, including temporary staff salaries, information technology improvements, and continuing FSA's effort of moving to electronic document delivery, signature capture and electronic storage of program application documents. During the pandemic, FSA was able to quickly adapt policies and implementation strategies to increase access to our programs through the utilization of these digital technologies to communicate with producers securely, capture digital and e-signatures, and receive automated applications from producers participating in select program. FSA is committed to streamlining application processes for producers and keeping programs simple in their development,

but, administrative resources are always a necessary component to implementing and supporting the efficient delivery of the Farm Bill.