

OVERSIGHT OF THE U.S. DEPARTMENT OF AGRICULTURE

HEARING BEFORE THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE ONE HUNDRED EIGHTEENTH CONGRESS SECOND SESSION

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OVERSIGHT OF THE U.S. DEPARTMENT OF AGRICULTURE

Wednesday, February 28, 2024

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

The committee met, pursuant to notice, at 2:36 p.m., in room 328A, Russell Senate Office Building, Hon. Debbie Stabenow, Chairwoman of the Committee, presiding.

Present: Senators Stabenow [presiding], Brown, Bennet, Gillibrand, Durbin, Booker, Luján, Warnock, Welch, Fetterman, Boozman, Hoeven, Ernst, Hyde-Smith, Marshall, Tuberville, Braun, Grassley, 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. I call the meeting to order of Agriculture, Nutrition, and Forestry Committee. I welcome everyone this afternoon. I hope you voted already on the first vote. There are two votes. There is a vote now and then I informed the floor we would be coming in at the back end of the second vote.

Welcome, Secretary Vilsack. We are so glad that you are here today.

As we start I wanted to just mention two of our colleagues, Senator Klobuchar and Senator Smith, are in Minnesota for a funeral and not able to be with us, but wanted to submit information for the record, and just wanted to indicate, Mr. Secretary, they are sorry they could not be here with you today. There is a very sad, very important funeral relating to some officers that were killed in Minnesota, so they are not with us today.

Secretary Vilsack, your leadership is essential to our shared goal of keeping farmers farming, families fed, and rural communities strong.

I share the concerns of my colleagues that after recent years of record farm income, new trends show that farming continues to be one of the riskiest businesses there is. This makes abundantly clear what I have been saying for months: it is time to come together on a bipartisan farm bill that supports all farmers, big and small, and helps rural communities thrive. A farm bill is always the art of the possible. How do we reach bipartisan solutions to the challenges American farmers, families, and rural communities face? That requires creativity, and I appreciate your willingness, Mr. Secretary, and the Department's willingness to work with us to find creative

solutions to important needs. Together, we have already made significant progress.

In October, with your leadership, we secured \$2.3 billion, working with you, from the Commodity Credit Corporation that will double funding for trade promotion programs over the next five years and ramp up the donation of American-grown food to address a growing crisis of hunger around the world. We appreciate very much your partnership with us. Also, in the lead up to the farm bill a year ago we came together on a bipartisan basis to secure \$350 million in additional funding to support the rice and cotton industries in the appropriations process.

In November, we secured a bipartisan extension of the farm bill that fully funded all of the programs that do not have 10-year baseline funding. They have been dubbed the “orphan” programs, and we worked together to keep the farm bill whole, and I so appreciate Senator Boozman’s partnership in that.

All of these actions show what is possible when we work together. I am very pleased to have secured a commitment also from our Majority Leader to invest several billion dollars in new resources into the 2024 Farm Bill to support our efforts to meet the needs of farmers and ranchers. I should tell you this is no small accomplishment, because I remember the first farm bill that I chaired, in 2014, when the leadership in the Senate asked us, or required us, to cut \$20 billion out of the farm bill, and that was extremely difficult. It is nice to be in a situation when we can add some resources.

We need to use all the tools in our toolbox, and even craft some new ones, to help improve the safety net for farmers. That of course starts with crop insurance as the foundation of the farm safety net because it has the ability to reach nearly all producers with timely, targeted assistance. For some disasters, however, we also need additional help. Unfortunately, ad hoc emergency assistance can be delayed and inconsistent. In some years, 75 percent or more of losses are covered, and in other years it can be as little as 25 percent, depending on appropriations, and it is still uncertain if anything will be available for 2023 disasters.

The farm bill can be an opportunity to add more certainty, reliability, and fairness. The farm bill is also an investment in American families, workers, and rural communities. SNAP is the foundation of the safety net for American families who need just a little help to make ends meet, usually just for a while. The bipartisan evaluation of SNAP that we directed in the 2018 Farm Bill, after 50 years of the program, resulted in just an additional \$1.40 per day per person, bringing benefits to about \$6 per day, to help folks put food on the table.

This was enough to lift one million children out of poverty. That is one million children who will now have the support they need to become happy, healthy, and productive members of their communities. This is a bipartisan achievement that we should all be proud of.

In the last Congress, we also made a historic investment in conservation, rural development, and energy to address the climate crisis, which is hitting farmers’ bottom lines every day across the country. That is now being put to work on farms and in fields

across America. As I said earlier, the farm bill is the art of the possible. It is where we can reach bipartisan solutions that help keep farmers farming, families fed, and rural communities strong. We can also invest in rural hospitals and childcare, which we have had hearings on and I know people care about deeply.

Last year alone, more than five million rural Americans benefited from the Biden administration's investments in rural health care through USDA programs, and USDA was the first agency—and I want to thank you for this, Secretary Vilsack—the first agency to get high-speed internet funding into rural communities through the Bipartisan Infrastructure Investment and Jobs Act. We can continue to build on the improvements we made to grow the connections between local farmers, local businesses, and local families. Secretary Vilsack, your leadership and partnership will be essential as we seek to find creative solutions to a bipartisan path to get a bipartisan farm bill done, and we so appreciate you being here and your testimony today.

I want to turn now to my partner and Ranking Member, Senator Boozman.

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

Senator BOOZMAN. Thank you very, very much, Madam Chair, for calling today's important hearing. Welcome to the Committee.

The lede from a February 15th story in Agri-Pulse, reporting on a presentation made by USDA's Chief Economist at the Ag Outlook Forum, read, quote, "USDA is forecasting lower prices for most major crops this year as input costs remain elevated and farmers face growing export competition," end quote. A week earlier USDA forecasted that net farm income would decrease by 27.1 percent, or \$43.1 billion, when adjusted for inflation, over the last year. When you consider that since 2022 inflation-adjusted net farm income has dropped by \$80 billion, this will be the largest two-year decline in net farm income of all time.

We welcome you back to the Committee, and as we continue our work to reauthorize the farm bill, we are interested in your perspective on the challenges in the farm economy.

As part of our efforts to write a new farm bill, we have been to numerous States across the country, and I have visited with hundreds of farmers, as has the Chair. What I have heard from our Nation's farmers and ranchers is that they are very concerned. Specifically, they are challenged by persistently high and historic inflation, both on and off the farm; stubbornly high interest rates; burdensome regulations; record large trade deficits in agriculture; and most importantly of all, rapidly declining commodity prices and farm incomes that will make these next five years some of the most challenging in their lives. Compared to last year, all sectors of agriculture and all areas of the country will see lower incomes in 2024.

Some have pointed to 20-year average farm income as evidence that the farm economy is healthy. We should talk about 20-year averages because current interest expenses are nearly double that average. Likewise, input costs are 10 percent above the 20-year average. While we hear talk of net farm income being above or near

the 20-year average, it is often not accompanied by those data points that reinforce the tight margins under which farmers operate.

I do not know why, for some, a 20-year average income is acceptable for farmers, but it is not for other workers. When there were labor strikes recently, I do not remember the Administration calling for 20-year average wages for the workers, but for farmers this is supposed to be okay.

When I am talking to producers from across the country, they are sharing their concerns that they now must use their land and other assets as collateral to borrow hundreds of thousands of dollars to put a crop in the ground or care for livestock, while knowing they will earn less money. Many are wondering if it is worth it. Typically, the rate of return on farm assets is less than two percent. You can get 2 1/2 times that earning in any CD.

This is particularly true for small and mid-size farms, the very type of family operations that we have put so much emphasis on. I am concerned about their viability as well. When I grew up, we had more dairies in my home county than we currently have in the entire State of Arkansas. That loss of population impacts the local economy, our schools, and our hospitals, and makes life in rural America less desirable. I have seen that as I have travelled through Arkansas's 75 counties.

If we truly care about rural communities and our farm and ranch families, farming—at all scales—must be economically viable, and we must provide a safety net that works. That is what I have called for in the next farm bill, and I believe that is the very least we can do for our farmers.

The Administration could be doing more to ease the worries in farm country. Its regulatory agenda has made crop protection tools less available and added more uncertainty for our farmers. I am troubled by things like ERP2, 30 by 30, and the lack of leadership when it comes to trade. All of these decisions tell me that our farmers' concerns are not being heard in the executive branch.

I do believe in the next farm bill, a \$1.5 trillion farm bill, we have the opportunity to make things right for farmers, rural communities, and those in need. That takes a commitment from all of us to work together toward these very worthy goals. No one, in the history of this Committee, has said that passing a farm bill is an easy lift, but it is something that this Committee, with the help of previous administrations, has come together to accomplish time and time again. I do not believe this farm bill should be any different. I hope today's hearing will shed more light on how USDA can be a partner to accomplish these goals.

Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much.

I am very pleased to officially welcome our Secretary, Tom Vilsack. He is no stranger to the Senate Agriculture Committee, having been the only member of President Obama's cabinet to serve all eight years, and he was reprised his role in the Biden administration, and we are very fortunate to have his steady and experienced hand at USDA.

As a former Governor of Iowa, a former member of the Iowa State Senate, and a former mayor of Mount Pleasant, Iowa, Sec-

retary Vilsack knows very well the importance of programs we are discussing today for rural America.

Secretary Vilsack, welcome, and you are recognized for five minutes of testimony and any other information you want to provide for the record.

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

Secretary VILSACK. Thank you, Madam Chair. I appreciate the opportunity to be here today. I appreciate the opportunity that the Committee has afforded to me.

In my office I have a portrait of Abraham Lincoln. I see it every day. I often read his works and his words, and recently I came across a relatively well-known phrase of his, which is "A house divided against itself cannot stand." I suppose that there are many applications to that statement today here in Washington, DC, but I want to utilize it to address the State of agriculture in rural America.

We just finished the best three years of net farm cash income in the history of the United States, on the one hand. On the other hand, as Senator Boozman has just indicated, we are now returning to near historic norms this year in terms of farm income. It is a combination of input costs as well as lower commodity prices, which are a result of bumper crops globally, a strong U.S. economy and a strong U.S. dollar, weaker global economy, and certainly a weaker Chinese economy, all of which impact and affect our ability.

It is interesting that the farm income is not equitably divided among all farmers. The top seven percent of our farmers, who represent roughly 150,000 farms, about a third of which are owned by investors, received 85 percent of the income over the last five years, which meant that 93 percent, or 1.7 million farm families, had to share 15 percent of the income. At the same time, the median farm income for the families was significantly higher than median family income across the United States. Eighty-eight percent, however, of farm families work off the farm, and, in fact, a majority of the income utilized by those families is generated from off-farm income.

Our farm story here in the United States has been one of tremendous productivity. In the 1970's, we established a directive to farmers to produce. We were told farmers were to plant fencerow to fencerow, and farmers responded. We have seen a fourfold increase in productivity over the course of the last 50 or 60 years, but at the same time we saw a corresponding consolidation of farmland and farm loss.

Madam Chair, to put this in proper perspective, we have lost 544,970 farms since 1981, when Bob Bergland, then Secretary of Agriculture, warned about consolidation of farms. We have lost 155 million acres of farmland that was, at one time, farmed, that is no longer being farmed today. To give you a sense of how many farms that is, that represents roughly half of all the farms represented by this Committee today. The farmland represents the entire land mass of Florida, Georgia, North Carolina, South Carolina, Maryland, and a good part of Virginia.

This has had a long-term impact on rural communities, and we have seen, over the course of time, reduced job growth, high unem-

ployment, and high poverty. However, recently we have seen an upturn in the rural economy. Jobs have now returned to pre-pandemic levels, the unemployment rate is down to historic lows, the poverty rate is down, and for the first time in quite some time persistent poverty is down. In fact, 55 counties that were categorized as persistently poor have left that list. Those are counties that, in the past, had had a poverty rate of over 20 percent for decades. We have now seen a net decline in the number of counties in that persistent poverty category.

I think it raises the question that we ask at USDA, and I suspect you do too—Are we okay with farm loss? Are we okay with farmland being consolidated? Are we okay with income being so concentrated? Are we okay with the notion, as has been expressed in the past, about getting big or getting out as being the only option for farm families? Or is there an alternative, an alternative where rather than the farmer working two jobs, can't we create opportunities that the farm itself creates multiple sources of revenue so that the farmer does not have to work two full-time jobs to keep the farm?

That is why we are focused at USDA on more new and better markets, on climate-smart agriculture, on renewable energy, on local and regional food systems as creating an oppy for new and additional income sources to provide opportunities for farmers to do what they love to do and to do what they want to do, which is to pass that opportunity on to the next generation.

I look forward to the questions from the Committee, and I appreciate the opportunity to be here today.

[The prepared statement of Secretary Vilsack can be found on page 51 in the appendix.]

Chairwoman STABENOW. Thank you very much. For the Committee we will do one round of seven minutes, so we have a little bit more time for folks, because we have the Secretary with us.

Mr. Secretary, let me start by saying thank you for working with Senator Boozman and I last fall to create the Regional Agricultural Promotion Program through the Commodity Credit Corporation (CCC) to invest an additional \$2.3 billion in what has been really one of the top two requests of all the commodity groups during all the hearings that we have done, both crop insurance, No. 1, wanting to double marketing assistance as being No. 2. This is very important to us. We actually have not seen it increase in trade marketing assistance now for many years, so this is very, very important.

Can you talk about the status of this new trade money as well as the food aid money, the commodity purchases, which are very important, and their ability to help farmers build markets and feed those in need?

Secretary VILSACK. We have taken those resources, and first of all on the trade side, we are focusing them on the trade markets that are not in the top four markets, because we already spend and invest marketing resources in a significant amount in those top four markets. Starting with Japan and moving on down, the list of market opportunities we are trying to increase presence, increase promotions, and increase people in those alternative markets. This

allows us to begin the process of diversifying away from an over-reliance on one or two markets, China in particular.

That process is beginning, and will continue for the next several years. We have already allocated resources to a series of cooperators to enhance and encourage and expand opportunity. We have also created a special opportunity for specialty crop exports, enabling some training and education on how specialty crops producers might be able to take better advantage of export opportunities.

On the international food aid side, we are working with USAID, which is the entity that basically directs where those resources are most needed and when they are most needed, and we will continue to work with them to get those resources to countries, the commodities to the countries as quickly as possible.

Chairwoman STABENOW. Thank you. I have also heard some concerns about potential for this funding to be revoked by a future Congress or that the targeted regions might limit new markets for certain crops. Are you willing to work with us to really look at the possibility of offering longer-term contracts and adjustments to targeted regions in future rounds of funding?

Secretary VILSACK. Absolutely. I think the key is here is to encourage diversification of market opportunities so that we are not, as I said earlier, over-reliant on a single market. We saw what happened when the trade war occurred several years ago. Commodity prices tanked and there was a substantial amount of CCC money that was used to bail farmers out. I am pretty sure people do not want to see a return to that.

Chairwoman STABENOW. Yes, absolutely. I also want to thank you for putting \$100 million into an initiative to focus on the unique export challenges of specialty crops. Our specialty crops do not qualify for everything in the farm bill, not the commodity title. We are working on crop insurance to make sure that that continues to be effective. They certainly have special challenges, and I would just ask that you work to ensure that any application process there is streamlined and workable for those farmers.

Secretary VILSACK. I am happy to do that.

Chairwoman STABENOW. In crop insurance we know that selling and servicing a whole farm revenue program and other policies that serve specialty crops and smaller operations can vary significantly. This has been a real challenge. The standard reinsurance agreement includes flexibility for the FCIC board to adjust reimbursements for delivery expenses that vary significantly.

Using this flexibility seems like it could allow an adjustment without opening up agreement and avoiding other appropriations issues or farm bill issues and so on. Can you have RMA look into this and put this item on the FCIC board's agenda to consider adjustments to reimbursements for delivery expenses?

Secretary VILSACK. I would be happy to work with you, Madam Chair, on that issue, especially since there are a number of new projects and products that have been offered just in the last couple of years, 12 new policies and 50 modifications to existing policies. Obviously, in some cases, that may have increased the workload, so it is fair to ask the question of whether or not there ought to be additional reimbursement.

Chairwoman STABENOW. Great. Thank you. Just last week USDA announced that all of the 2023 IRA conservation funds were out the door—congratulations—and in the hands of farmers, and that 11 out of the top 15 practices across all of NRCS are among the practices that are being supported.

Can you talk with us about these practices, how farmers are using the money, and what has it meant for traditional funded programs, EQIP, which, of course, is so popular in getting conservation on the ground for all the purposes in all the areas? We have seen, in the new NRCS data, that 49 of the top 50 EQIP practices saw an increase in funding when looking across both the IRA conservation money and traditional farm bill money. I wonder if you could speak about that.

Secretary VILSACK. First of all, there was a record number of NRCS contracts entered into as a result of the IRA, over 45,000, I believe, between 45,000 and 48,000. Having said that, there were significantly greater numbers of people applying for those resources, which is why we are excited about the opportunity this year to meet additional need.

To give you an example, EQIP had \$250 million available but there were 8,000 applications for those resources, for a total of \$405 million. The RCPP program, which you helped to craft in a previous farm bill, received \$250 million of IRA money. The request was \$2 billion, almost 8 times the amount.

This is an incredibly popular opportunity for us to utilize all of the practices that we know from science will make a difference in terms of increased productivity, better soil health, better water quality, more efficient use of resources and inputs, which is really the purpose of this. We are excited about the opportunity. We have added some additional people at NRCS because of the IRA resources, and we are streamlining the processes as well to make it easier for people to apply for multiple programs at once. All of that is taking place.

Chairwoman STABENOW. Thank you. Then finally, quickly, how does—on a different topic—how does spending on farm bill programs interact with spending on nutrition programs? For example, when USDA reevaluated the Thrifty Food Plan after 50 years of operation did that process or the outcome at all affect spending on commodity programs, disaster programs, or crop insurance?

Secretary VILSACK. No.

Chairwoman STABENOW. Okay. Thank you.

Secretary VILSACK. You said quickly.

Chairwoman STABENOW. Yes. Thank you very much. Senator Boozman.

Senator BOOZMAN. Thank you, Madam Chair, and again thank you, Mr. Secretary, for being here.

The reality is that the farm economy will experience the steepest two-year decline of all time, down \$80 billion from 2022. I have had the opportunity to be with a lot of farmers, as we all have, in the last year and a half. Invariably, the first thing that is mentioned is the need to have better risk management tools, including reference prices, making sure crop insurance is going to be able to do the job. Right now, March corn futures are at \$4.30. Last week

they were below \$4.00. The situation now is more difficult than we were out in the field so much.

You have commented on the challenge Congress faces to direct funds to the numerous competing priorities in the farm bill. As a solution, you have offered that the Secretary can exercise the Commodity Credit Corporation authority to address the farm safety net shortcomings that may arise in the future. Can you tell us about the guidance you have received from the Office of General Counsel, the Office of Management and Budget, or others that describes how the CCC could be used to provide new resources to Title I and increase statutory reference prices?

Secretary VILSACK. Actually, Senator, what I said was not what you indicated. What I said was that I would be happy to work with Congress to find a creative way to utilize the resources of the CCC to try to address some of the concerns that you all have relative to reference prices, as I did when you requested assistance in trade and international food assistance, which I am more than happy to do. Our team is happy to sit down and explore what creative ways we could use the CCC. I think there is a tendency on the part of folks to think that the farm bill is the only thing that we should be focused on. There is the budget, there is the farm bill, there is the IRA, and there is the CCC, and I think all of those basically can work collaboratively together to try to address the issues that divide you all in terms of the farm bill today.

Senator BOOZMAN. Even though your testimony fails to mention the SNAP program, it is an important topic for today's hearing. With the backdrop of looming farm bill reauthorization, USDA has estimated the Thrifty Food reevaluation increased SNAP costs by nearly \$20 billion in 2022 alone.

Has USDA determined the total cost of the 2021 Thrifty Food Plan (TFP) reevaluation across all nutrition programs, such as the Emergency Food Assistance Program, TEFAP, and others whose costs are based on the TFP?

Secretary VILSACK. You know, Senator, I am not sure that we have made that calculation. I would be more than happy to ask our staff to look at it. Having said that, you know, I think what we did was justified and appropriate because the whole point of the SNAP program is to provide help and assistance to families based on the reality of what they live in. What we had not done in SNAP, which we did do a couple of years ago, was to actually ask the question, how much does it actually cost at the grocery store and what, in fact, are people buying, not assuming what they are buying but what, in fact, are they buying? From that we obviously calculated an increase for families, and met an opportunity to avoid some very serious consequences, especially when the emergency allotments were lifted off.

I am more than happy to take a look at this and I am happy to take into consideration anything else that you want us to consider. At the end of the day, you know, there are many ways in which we can look at the SNAP program, but one thing is that we are seeing fewer people using it today, so the expectation is the cost is going to come down a little bit.

Senator BOOZMAN. The GAO made eight recommendations to the Department for future TFP reevaluations, and USDA has only im-

plemented four of those recommendations. Could the next TFP reevaluation begin before USDA has closed out the remaining recommendations made by GAO?

Secretary VILSACK. We have made a concerted effort to work with GAO to close audits and reports, Senator, so I am certain that we will do this in a timely way. If you talk to GAO you will find that we have been very, very cooperative, much more so than previous administrations.

Senator BOOZMAN. When do you think you will get the four done?

Secretary VILSACK. I do not have a specific timeline for you today, Senator, but I will be happy to get it for you.

Senator BOOZMAN. Could you—

Secretary VILSACK. I am sure it will be before we have to reevaluate the Thrifty Food Plan.

Senator BOOZMAN. You could reevaluate it without doing it though. Is that what you are saying?

Secretary VILSACK. No. What I am saying is that we will take the actions that GAO has requested prior to any reevaluation of the Thrifty Food Plan, because we are focused on making sure that we work collaboratively with GAO on recommendations and audits, as we do also with OIG.

Senator BOOZMAN. Okay. Thank you. In May of last year, USDA issued the initial study plan for the 2026 TFP reevaluation. My understanding is USDA is awaiting additional data to inform this reevaluation such as scanner data on food prices and the recommended 2025 Dietary Guidelines for Americans.

Do you have any insight on how this information will impact the cost of the TFP to taxpayers, and when you do expect USDA will begin the process for the 2026 reevaluation of the TFP?

Secretary VILSACK. Well, obviously we do not know because we do not have the information. I think it is appropriate for us to ask for this information. It gets back to the point that I made earlier, which is we have to deal with what actually is happening in the marketplace in terms of actual costs, and we also have to have a better understanding of what families actually use and need.

I can go into great detail about the way this was done before in terms of the assumptions about families that were struggling financially, but they were not lined up to the reality of families—the amount of time preparing food from scratch, the amount of beans and other items that were purchased that just are not aligned with everyday American life today.

It is important for us to have that information to be able to make an informed set of decisions.

Senator BOOZMAN. Right. I am concerned, I know a lot of us are concerned about California's Prop 12 and the impact that a patchwork of State laws on animal housing will have on producers, particularly at a time when hog producers are already in the midst of a prolonged period of prices below breakeven. You have stated Congress should intervene to prevent chaos in the marketplace resulting from Prop 12 and other similar initiatives.

Can you describe the marketplace disruption you foresee if Congress does not choose to address the Prop 12 and similar initiatives?

Secretary VILSACK. Well, you have got 50 States that essentially could make decisions based on their own individual value system and based on their own agricultural economy. You know, we literally, as a country, tried this at the beginning of the country, with the Articles of Good Federation, where we gave States basically the ability to make decisions, and the reality was it was chaos, which is why we have a Constitution.

Look, I totally understand why Californians would want to regulate what happens within the four corners of their State, in terms of their own producers, but I do not think the Supreme Court, when it decided that pork producers had a choice to participate in the California market or not, understood the pork market. When you are dealing with 12 percent of the pork market in one State there is not a choice between doing business in California and not in California. It is going to be driven by that requirement, which is going to make it very, very difficult.

I think at some point in time somebody has got to provide some degree of consistency and clarity. Otherwise, you are just inviting 50 different States to do 50 different iterations of this, and farmers do not need the chaos. They need clarity and certainty.

Senator BOOZMAN. Thank you, Mr. Secretary. Thank you, Madam Chair.

Chairwoman STABENOW. Thank you. Thank you, Senator Boozman. Senator Welch.

Senator WELCH. Thank you very much. I do not have a complaint. We have the best USDA people in Vermont. We are so grateful for that. I am going to accuse you of hiring good people. I hope you do not take that the wrong way, but Sarah Waring, John Roberts, Travis Thomason, and then you met with Dr. Basil Gooden, Xochitl Torres Small, my former colleague in the House, she came up, Under Secretary Robert Bonnie came up after our disaster, Deputy Under Secretary Farah Ahmad. I just want to say, Madam Chair and Ranking Member Boozman, it has really been very responsive. It is heartening to Vermonters that there has been such a response from the Department, and I thank you for that.

A couple of questions. What I understand is farmers—no one works harder and gets less of the action. It is like 12 percent of the food dollar goes to the farmers.

Secretary VILSACK. It is less than 15 cents, but if you take the input costs out it is about 7 cents.

Senator WELCH. Yes, but that is unbelievable and not really sustainable, no matter who our farmers are. I appreciate the emphasis you have in trying to boost those farm incomes, and there are some ways to do that through energy efficiency. Get some of those input costs down and maybe even get some income up. Our farms have been trying to take advantage of that, and a number of farms that I visited are really being able to take advantage to get some boost in income and lower costs. That is like the REAP programs.

I just want you to comment on, do you have any suggestions that might help us make it more possible for more farms, particularly our smaller farms that are under such pressure, to access USDA programs like REAP?

Secretary VILSACK. Well, I will say that we have already done over 5,800 REAP grants as a result of the IRA, and we are getting

the word out about it. I think you are going to continue to see thousands of more of those grants.

We recently announced resources for small distributive wind projects. There is an example of an opportunity for farmers and for those who are in the small wind distribution system to get the word out about REAP, which will allow farmers to utilize one or two megawatt opportunities to reduce their costs.

Honestly, Senator, I think the thing that you could do that would have the most profound impact would be to figure out ways in which you could encourage the establishment of cooperatives between farmers who can produce excess energy on their farm and be able to coordinate that excess energy and provide it to RECs and the municipal utilities that are looking to convert or transition from fossil fuel-based to renewables. It is one of the reasons why the PACE program and the New ERA program, which is part of IRA, is very, very popular, and you are going to see a lot of that happening.

Senator WELCH. Thank you. Thank you very much. A good suggestion.

I want to talk a little bit about crop insurance for the small farmers in Vermont. As you may know, in May we had a freeze that really hurt a lot of our orchards, and then we had a big flood in July, and it wiped out the crops for the specialty crops. Why we call it specialty as opposed to vegetables is a mystery to me. Vegetables are good for you. It was really tough because under the existing programs it is like a vegetable producer had to be able to account for how much spinach and how much coriander, how much whatever. We have introduced the Weather Act, which is intended to try to make it much more streamlined for some of these small farmers.

By the way, they are small, their incomes are relatively small, but they play a huge role in the local community and keep that land open, so it is very important to us, and I am sure my colleagues have similar situations in their own States.

Can you speak to some of the administrative policies that USDA is considering to ensure that the NAP disaster assistance and other crop insurance programs are more responsive to these really small dairy and diversified farms that we have in Vermont, in the Northeast and elsewhere?

Secretary VILSACK. Well, we have increased, as I said earlier, new crop insurance products for a number of the fruit and vegetable products that are grown across the country. We have also modified existing policies to expand coverage. We have established increased opportunities under the Whole Farm Revenue Protection Program, which could be available. We have also made it easier to qualify under NAP, which is the program that is available for those who do not have crop insurance.

We have also taken a look at ways in which we can expand protection under the Micro Farm Program. We expanded the amounts of coverage and opportunities under those programs so it would cover a greater number. We are going to continue to do that. We are going to continue to try to use risk management tools, to the extent we can.

We are now covering 540 million acres in the U.S. and 42 million head of livestock, and that has been a significant expansion in the last three years.

Senator WELCH. Okay. You know, with this disaster that we had we have got a lot of small towns, as I know you do in Iowa, a lot of towns under 2,500. They do not have the technical capacity. Rural Development has generally been very helpful. My question is whether we should consider having technical assistance programming specifically for towns that are having these emergencies, where it does not have to be competitive in a big application process. You have got a disaster, you know they need help, you have got the tech capacity for technical assistance. Can we get that to them right away?

Secretary VILSACK. That is a good suggestion.

Senator WELCH. How do we implement it?

Secretary VILSACK. Well, Rural Development needs to have the resources and the ability and the permission from Congress to basically utilize resources—

Senator WELCH. Well, I am glad you think it is a good suggestion because it is really tough. I mean, essentially what happens when you have a flood and it is a small town is the select board starts going through their Rolodex and finding out who has got a backhoe, who has got a truck, who has got a front-end loader. There are ongoing things that need to be done, and that technical assistance is really helpful.

Secretary VILSACK. A number of communities have regional government associations which basically provide that service as well.

Senator WELCH. Thank you very much, Mr. Secretary. I yield back. Thank you, Madam Chair.

Chairwoman STABENOW. Well, thank you very much. We will now go to Senator Ernst, and then Senator Bennet, and just for the members, the second vote has started. We will continue. Senator Ernst.

Senator ERNST. Thank you, Madam Chair, and thanks so much, Mr. Secretary. It is great to have you in front of us today, and always great to have another Iowan here.

Last month I kicked off my yearly river-to-river tour, going back and forth across the State of Iowa from the Mississippi River on our eastern side to the Missouri on the western side of the State. While I have been out visiting, one of the questions that continues to stand out is when Congress will come together and pass a farm bill. You know, our ag groups are really, really active out there in our town halls, and our producers and rural communities, they deserve to have comprehensive, five-year piece of legislation that provides them with certainty.

For us to be resorting to a kick-the-can-down-the-road mentality is not an option for our farmers and our ranchers, and it should be an option for Congress either. I truly hope we can come to the table and negotiate a bill that actually focuses on the farm.

Secretary Vilsack, before I dig into some of those ag-specific questions I would like to address some of the work policies at the Department of Agriculture. We are just weeks away from the four-year anniversary of Federal buildings being temporarily closed due to the COVID-19 pandemic, and as you know, GAO says that your

headquarters has a space utilization rate of just 11 percent. It has gotten so bad that one of your employees went so far as to write me an anonymous letter, that I do have with me today, Madam Chair, and I would like to submit that to the record, please.

Chairwoman STABENOW. So ordered, without objection.

[The letter can be found on pages 60 in the appendix.]

Senator ERNST. Let me read to you just a few sentences, and I quote, "The vast majority of USDA employees are not working in person. On the occasions I have gone to USDA headquarters in Washington, DC, it resembles a ghost town." Your employee then goes on to say, "Remote work and telework employees are often unreachable and do not respond to simple email questions for hours."

With that, Mr. Secretary, knowing your own staff is recognizing issues with the policies that are currently put into place, how many days per week do you require your DC-based managers and employees covered by collective bargaining agreements to be physically in the office?

Secretary VILSACK. A majority of the week.

Senator ERNST. Okay. What would that majority of the week be?

Secretary VILSACK. For some it is three days, and for some it is four days.

Senator ERNST. Okay. Yet the occupancy is 11 percent, according to——

Secretary VILSACK. No it is not, Senator. Senator, that is not correct.

Senator ERNST. Okay.

Secretary VILSACK. That is not correct. That is not even close to correct.

Senator ERNST. Well, that is from the Government Accountability Office.

Secretary VILSACK. Well, I do not know what the date is of that or the date of the letter that you just referred to, but I can tell you that is not what is happening in February 2024.

Senator ERNST. Okay. Thank you, Mr. Secretary. Other than supervisor oversight, what does the USDA do to monitor those Federal employees that are working remotely, to make sure that they are actually working?

Secretary VILSACK. Well, first of all, to suggest that they are not working I think is an affront to the hardworking members of the USDA family. I can show you chapter and verse of all the work that is getting done at USDA. I can tell you how many home loans, how many farm loans, how many NRCS contracts have been entered, and I can guarantee you compared to other administrations this team is working their tail off, okay. Please do not tell me the work is not getting done because I can show you that it is.

Senator ERNST. Well, and we will take that up because we do receive calls at the office where our constituents are having trouble with USDA. We will continue to forward those questions on to you.

Federal employees' official work site that defines their location-based pay requires them to show up to the office at least once a week, but this standard is waivable on an employee-by-employee basis. Do you know how many exceptions to the standard twice-in-

a-pay-period standard has the USDA issued since the pandemic, and has the agency revoked any of these exemptions?

Secretary VILSACK. I do not know the specific answer to that but I can tell you that 82 percent of hours nationally are worked in person in offices.

Senator ERNST. Okay, 82 percent?

Secretary VILSACK. Eighty-two percent.

Senator ERNST. Okay. Thank you, Mr. Secretary.

Moving on to other issues, another issue that I know is top of mind, especially for Iowans, is E15. Last week we saw an announcement from the Administration that it would adhere to the eight Midwest Governors' request for year-round E15. I welcome this. I think it is long overdue, and I applaud the work of both Governor Kim Reynolds and Attorney General Brenna Bird. We know that pushing off implementation until 2025 is very discouraging for those in that area.

With the 2024 summer driving season approaching, Iowa families, our corn farmers, our ethanol producers, and the fuel retailers still have no idea if E15 will be at the pump this summer. Hearing some of the statements that you have made, it appears as if you are confident that the EPA will announce another emergency waiver. Is that correct?

Secretary VILSACK. That is correct.

Senator ERNST. Okay. In your discussions with the Administration and the EPA, when do you believe we can expect to see an announcement for nationwide E15 sales this summer?

Secretary VILSACK. I think it is consistent with the last two years, when they issued a waiver. I could be wrong about this, Senator. I thought it was in the April timeframe, but whenever it was done last year I am pretty sure that they will add the resources and the data necessary to make the decision and have this decision stick.

Senator ERNST. Okay. Thank you, Mr. Secretary, and I do hope that you will continue to lean in to the Administration on this as well.

Earlier this month, and in regard to moving on to SNAP, I will go ahead and submit the question for the record, Madam Chair, because I do see that I am running out of time. Thank you, Mr. Secretary, and I yield back.

Chairwoman STABENOW. Thank you very much. Senator Bennet.

Senator BENNET. Thank you, Chairman Stabenow. I appreciate very much you holding the hearing, and Secretary, thank you for coming back to the Committee and for your public service and your leadership as well.

Madam Chair, before I pose my questions this afternoon I wanted to pay tribute to a great man who we lost this weekend. Today, in the West, we mourn the loss of Mr. Pat O'Toole, a cattle and sheep rancher whose family's six-generation operation straddles the Colorado/Wyoming border. Pat lived a life of service. He served as president of the Family Farm Alliance for nearly 20 years and on the board of directors for Solutions from the Land, and was a former member of the Wyoming House of Representatives.

When I came into the Senate in 2009, Pat helped bring me up to speed on Colorado and Western agriculture and Western water.

In 2018, I had the pleasure to visit his and his wife, Sharon's, ranch, nestled in the Little Snake River Valley. On a moment's notice, Pat brought together people from all over the West to join us at his ranch for a lamb barbecue, while we talked about forestry and water and conservation challenges.

In my view, Pat and his family's ranch was a shining example of productive agriculture, habitat conservation, and sustainable land stewardship co-existing on our Western landscapes. Pat was a fervent advocate for Western issues, and I know Secretary Vilsack knows this well. Of all that Pat did, his greatest priority was his family, his wife Sharon, their three children, and six grandchildren. He managed the ranch with future generations in mind, and before he passed he started the process to preserve his ranch through a USDA conservation easement. As a community we are profoundly grateful for his dedicated service, his commitment to conservation, and his generosity.

Senator, er, Secretary Vilsack—I did not mean to demote you—Secretary Vilsack, is there anything you would like to say about Pat O'Toole today?

Secretary VILSACK. Senator, I just want to associate myself with those words. Pat was an incredibly passionate individual who believed very strongly that there was a better way and was committed to not only his operation sort of paving the way and modeling a better way but encouraging others. He was a force, and we are saddened by his loss.

Chairwoman STABENOW. Senator Bennett, I am going to just also ask that you give our best to the family—

Senator BENNET. I will.

Chairwoman STABENOW.—and our condolences, so thank you for raising that.

Senator BENNET. Thank you very much for doing that. As you know, I was in Ukraine this weekend, and I had the opportunity to talk to Sharon on the way back from Shannon Airport, of all places. That was an appropriate place to reach her, in Ireland, on the way back. We are going to miss him a lot, and I do think his life is evidence that division is not the way to make progress in this country, and it is not the way to make progress in agriculture, as well.

Chairwoman STABENOW. Amen. We are also going to reset your clock here. This was important to say.

Senator BENNET. Oh, you do not—

Chairwoman STABENOW. No, no, no. Please.

Senator BENNET. I do not want you to do that.

Chairwoman STABENOW. No, no, no. I want to make sure that you—

Senator BENNET. Two weeks in—

Chairwoman STABENOW.—this was important. Thank you.

Senator BENNET. Thank you. Secretary Vilsack, I want to thank you for the recent announcement of \$35 million for wildfire mitigation in Colorado's Front Range, as part of the Bipartisan Infrastructure Law and the Inflation Reduction Act.

As you know, and I know you know this well because of how much time you have spent in the West, in both terms here, Colorado and the West continue to experience record-shattering

wildfires that threaten landscapes, safety, and frankly our way of life. It is February now, and active wildfires are already burning in Colorado today, this week. We are expecting a rough fire season, and we are hearing that no staff are available in some of Colorado's National Forests for fuel reduction work, NEPA execution, or to help plan projects, both small and landscape scale. That is obviously, I know, unacceptable to you. It is unacceptable to us.

I wonder if you could talk a little bit about how the Forest Service is planning to address these staffing shortages on our forests and prepare for the upcoming fire season.

Secretary VILSACK. Senator, I will be happy to look at that particular forest. It surprises me because we have added significant numbers to the Forest Service. Candidly, right now we are a bit concerned with the lack of a budget on whether or not we will be able to retain many of those who fight those fires. Absent a budget and absent a firefighter fix for the pay, we are going to see a lot of those folks leave. That is a big concern right now.

As I say, we have streamlined the process for hiring, and we have reached out and expanded significantly the outreach, and we have added a significant number of people.

Senator BENNET. We will work with your team on that to get them the specific information that is specific for us. I agree completely with your characterization of what you guys have done in the broader Forest Service.

I also should mention, and I should have mentioned it at the outset, I had the opportunity yesterday to meet with a group of Federal wildland firefighters in my office again, and they reminded me, this is a battle you have been in for a long time, it is a battle we have been in for a long time, just to get these folks a decent paycheck, just to get these folks decent mental health care, you know, access to education and professional development, and housing, which in Colorado and throughout the West has become virtually impossible, as you know.

We have done some good work with the agency in the State, and the Department of Agriculture has very graciously done land swaps with local communities to be able to try to create some housing, but we are way behind. I agree with you. We are going to be in a crisis here because the next generation of firefighters is not going to come from nowhere, and the people they need to train them are the ones that we are losing right now.

Out of respect for my colleague from Illinois I am going to spare the Secretary my last two questions, since you gave me some more time, Madam Chair, and I will submit them for the record.

Senator DURBIN. Do you need a judge?

Senator BENNET. I do not need a judge. I do not even need a judge. I am just doing it out of the goodness of my heart. I will say, in closing, that I deeply appreciate what you said about our need to staff on the forestry, and the salary issues continue to be ones that make it impossible for the agency to be able to staff its field offices adequately. That is not because nobody has tried. It is because we do not have the budget you are talking about, and we have not increased the salaries in a way that would be competitive. I will send you a question about that too.

Thank you, Madam Chair. Thank you, Mr. Secretary.

Chairwoman STABENOW. Thank you very much. Actually, Senator Braun had come in and said, "Can I go next?" He was the only Republican and I said, "Sure," and now Senator Hyde-Smith is here. Do we go back with regular order, or what do we—all right, we will go back with regular order.

All right. Senator Hyde-Smith.

Senator HYDE-SMITH. Thank you so much, Madam Chairman, and thank you, Ranking Member Boozman, for all you have done, and I certainly appreciate the Secretary being here and have enjoyed our years that we have had the opportunity to work together.

During the recess, I, in three days, put 1,000 miles on my car, going up and down Mississippi, looking at different things, and we have a very serious problem brewing in Mississippi right now. I was so excited that this hearing is following on today because we truly need help. It is the southern pine beetle, which is, by far, the most destructive forest pest in the southern United States, as you are well aware.

My goal today is, one, to make you aware of the issue because it is so serious. You know, so many people look at that stand of trees as their kids' college savings fund. Many people look at that stand of trees as their retirement. I just wanted to make you aware of this today and see if I could get some help with you and the Department to try to help me address this, because it is truly critical.

Mississippi suffered a historic drought last year, and at one point all 82 Mississippi counties were in a D3 extreme drought or worse, according to the U.S. Drought Monitor. Prolonged drought stresses trees, especially pine trees, and a stressed pine tree is a ringing dinner bell for the pine beetle. All this to say Mississippi is experiencing a major southern pine beetle outbreak, and private forest landowners across the State are devastated.

Here are a few stats from the most recent report prepared by the U.S. Forest Service Southern Research Station and the Mississippi Forestry Commission. Nearly 80,000 acres of pine mortality—I have never seen anything like it driving just down the side of the road, and we have removed several from my mom's yard because these trees are also in neighborhoods, falling on houses. Over 12.5 million dead trees—we call them widow makers in Mississippi. Conservative economic impact estimates indicate \$96 million in lost timber, which affects so many things, including the sawmills and everything else.

The Mississippi Forestry Commission has also reported 230 fires across 9,000 acres, and foresters expect all of these problems to get worse as we are going into the spring season.

Now is the time for action. It is time to respond to infestations, and importantly, prevent further outbreak, because that is so sensitive. I understand the USDA's Farm Service Agency's Emergency Forest Restoration Program (EFRP), provides cost-share assistance to private landowners to carry out emergency measures to restore forests following natural disasters. Drought and insect infestations are eligible disasters under EFRP. Commercial thinning, removal of damaged trees, fire breaks, and prescribed burning, all of which happen to be helpful activities in combatting the southern pine beetle, are also eligible practices.

EFRP sounds like a viable option for landowners in Mississippi, but I have heard some challenges and concerns about the program, such as the amount of time that it takes to receive cost-share payments following the disaster. Some landowners need financing up front to carry out emergency measures, and without it they often never take action. Only the FSA national office, not FSA county office committees, can authorize this EFRP for drought and insect infestations, which makes getting that authorization potentially more time consuming as well.

My question to you, Mr. Secretary, are there ways USDA and/or Congress can improve the overall quality of assistance provided through EFRP?

Secretary VILSACK. I think the answer to your question is yes. There is a concern, I think, about transitioning it back to the county because then it is difficult to keep track of the resources that are being allocated, county to county. That is why it sort of has to funnel up to the national office. Certainly we can look for ways in which we can streamline that process.

We can also, I think, look, and should be looking at a way in which we can perhaps adjust the cost share issue in terms of advance payments so that work is not delayed. I think those are two things that we ought to be doing.

Senator HYDE-SMITH. Fantastic. Will you help ensure that any required authorization by the FSA national office to respond to Mississippi's pine beetle outbreak happens in an expeditious manner, because we are really in trouble here.

Secretary VILSACK. I understand. Yes.

Senator HYDE-SMITH. I can count on you to do that. Wonderful. Will you and the Department work with me, going forward, to try and help address the challenges faced by many landowners in Mississippi and throughout the South as well?

Secretary VILSACK. Well, will you get me a budget, Senator?

Senator HYDE-SMITH. I would be glad to. We are going to work real hard to do that because this is critical. We are getting flooded with calls about this. Of course, I worked with you as former Ag Commissioner—

Secretary VILSACK. I am very familiar with the pine bark beetle because this is something that obviously devastated the West, so it is a very serious issue.

Senator HYDE-SMITH. I so appreciate your willingness to help.

Chairwoman STABENOW. Thank you very much. Senator Gillibrand.

Senator GILLIBRAND. Thank you, Madam Chairwoman. Thank you so much for being here, Mr. Secretary. We appreciate you very much.

I have a line of questioning about the definition of "nutrition dense." You know that we are in the middle of a compromise as to whether we are going to have a pilot program about nutrient-dense foods. Under the dietary guidelines, whole milk, for example, is not considered nutritionally dense. If this appropriations rider were to pass tomorrow, how would you define nutrient-dense foods, for example? Would you draw the line at nutrient content between a flavored yogurt and a dessert? Would the States or the USDA be in charge of creating the definition of "nutrient dense"? What would

the process to determine which foods are in and out would be based on USDA guidance? Based on your guidance today, what is nutrient dense, or would you create new ones?

Then much more broadly, what is the impact going to be on retailers? How would this type of policy impact retailers? Will it make it harder for retailers to be able to use the SNAP program? What is the impact on consumer choice and dignity? Would you agree that investing more in nutrition education could be a better way to address some of the root causes of diet-related diseases?

Secretary VILSACK. I will try to answer—

Senator GILLIBRAND. I am giving you all the questions, so you answer the parts that make sense to you.

Secretary VILSACK. Okay. Well, first of all I think obviously Congress has to direct us to do this. If you do, there may be parameters that you put around it. If you do not put parameters around it we would obviously look for a partner in a State or States, depending upon what you tell us to do, that would be willing to work with us, because the States administer the SNAP program. We do not administer the day-to-day activities of SNAP.

There are a couple of States that have looked at this, and I think they have looked at it in a very tailored way. I do not think we have many of the answers to the questions that you raised, which is why you have a pilot, to find out whether or not a system like this does work or does not. Does it create serious IT issues at the grocery store, or not? Does it create the stigma, or not?

In terms of the definition of “nutrient dense,” we would probably let the nutrition science drive that, as we would the dietary guidelines, so that we would have some scientific basis for the determination.

The structure, I think, would be also dependent on the capacity of an individual State to administer the program.

I think there are a lot of unanswered questions about this. I would say that we have found that incentives work effectively, as the Chairwoman understands and appreciates with her advocacy for the Double Bucks Program that Gus Schumacher and others started, that is now part of the GusNIP program. That certainly is a successful program. Increasing the nutrition ed aspect of SNAP I think is always important. We actually established a new nutrition team at USDA in the SNAP program for that express purpose of trying to figure out how to better educate people about the utilization of the SNAP dollars in an effective way to promote nutrition.

I think I have touched on most of the questions.

Senator GILLIBRAND. You did. Can you talk a little bit about the funding needs for nutrition education if we did add something with regard to that? You mentioned the GusNIP and their impact on improving nutrition security.

Secretary VILSACK. Well, I think if you had an opportunity to increase the financing for GusNIP you would find a significant audience for that. How do I know that? Well, because you did that in the pandemic assistance bills that you passed, and as a result we saw a fairly significant uptake in GusNIP. We also saw a particular interest in the prescription produce effort, where we are working with pediatricians, looking at chronic disease situations,

and instead of prescribing a drug they prescribe fruits and vegetables as a way of dealing with chronic disease opportunities.

Anything you do in that space is going to be beneficial. It is going to increase our knowledge base, and I think it is going to help us formulate better policies to advance nutrition.

Senator GILLIBRAND. Thank you. You stated for the record on the House Agriculture Committee hearing that your Department is working hand-in-hand with the government of Puerto Rico to facilitate a transition to the SNAP program. In your view, what would you say Puerto Rico and the USDA are in a position to eventually have the proper infrastructure to allow Puerto Ricans access to SNAP?

Secretary VILSACK. Well, we are working very, very closely with Puerto Rico. The challenge is that they need to make sure that they have the administrative foundation to administer the program so that when people apply they get benefits quickly, when they no longer qualify they are essentially transitioned off the program. There is an awful lot of work that has to be done in setting up the technology and the staffing of this effort. We have been working very closely with the Governor. I traveled to Puerto Rico, talked to him specifically about this.

You know, I think it is not a matter, unfortunately, of weeks or months, but I think it is certainly in the foreseeable future. The expectation and the goal is to actually transition to SNAP. In the meantime——

Senator GILLIBRAND. Right. USDA did publish a feasibility study where it concluded that Puerto Rico is ready to transition from NAP to SNAP. Is that your position?

Secretary VILSACK. It is my position that we are working closely with them to make sure that they have their ducks in a line, because the worst thing that could happen would be for the transition to take place, for them not to be able to administer it properly. There would be, I think, significant chaos, and a lot of families would be hurt.

Senator GILLIBRAND. I also want to address national security. Obviously, our farmers are as vulnerable as any other businesses in America, especially when they do not have strong data protections and do not have cybersecurity of their data and their information. Moreover, something that Senator Marshall and I have been working on, a One Health proposal, where we create a commission of USDA plus CIA, NSA, DoD, HHS to really prevent the next pandemic. Have you had the opportunity to work with any of the other agencies on pandemic preparedness and being able to make recommendations about collaborating to share data in advance so that we can protect our country from the next pandemic?

Secretary VILSACK. There is a White House-led effort, in which USDA is involved, and most recently, either today or sometime this week, they are having a tabletop exercise on that very subject.

Senator GILLIBRAND. Thank you, Madam Chairwoman.

Chairwoman STABENOW. Absolutely. Senator Marshall.

Senator MARSHALL. Thank you, Madam Chairwoman. Mr. Secretary, welcome back to the Ag Committee. I continue to appreciate your service to this country.

My first question, let's go back to Prop 12. I appreciate your answers before. As you know, California's Proposition 12 is another costly regulation. It would seem to me that if you are a larger company that you could overcome these hurdles a little bit easier than a small packer could. In the pork industry, we see a company, like Smithville, which dominates 25 percent of the packing, and they are able to overcome all of these regulations. They are big enough that they can handle another regulation. Overregulation continues to lead to consolidation of industries, no more well seen than in the packing industry.

What effect do you think Prop 12 has on independent pork producers who cannot afford to comply, and is this going to drive further consolidation?

Secretary VILSACK. I think this is the reason why we have invested in expanded processing capacity at the local level, Senator. Between our efforts to expand market and additional processing nearly 400 projects have been funded, and we expect more to be funded in the next several months. This is part of building out a local and regional food system so that you are not at the whim of a handful of large-scale facilities or at the whim of a policy that you have a hard time complying with.

Senator MARSHALL. Thank you. Should Congress act to prevent the proliferation of laws like Prop 12 across the country?

Secretary VILSACK. Yes, I think you have got to provide some clarity and consistency. Having said that, I do not envy your capacity to do it. It is not going to be easy to craft that.

Senator MARSHALL. Thank you. To your point earlier, though, it is hard to have one producer to comply with 50 different States on how we are supposed to raise a heifer in Kansas.

Let's talk about disaster assistance for a second. Obviously, Kansas is coming off back-to-back years of drought, and we have had to apply for more disaster assistance. We probably got more complaints about the response and the rollout of this latest round of disaster assistance than any other one issue in the last several years.

Specifically, we were seeing some small absentee landowners were getting disaster assistance at a greater per-acre rate than our fulltime farmer families were, and this progressive way of doing this seems to be very complicated. It seemed to be very slow. I would ask you to consider abandoning this progressive payment factor in the future.

Secretary VILSACK. Senator, it is interesting because I am looking at the numbers for Kansas—45,132 of your producers got more money as a result of this progressive factor, 10,217 got less. 82 percent of your producers actually benefited from this effort.

Having said that, the way to avoid this, Senator, is very simple—provide the resources, fully and completely, for the disaster. It was a \$10-to-\$12 billion disaster. We told Congress that. You all gave us a little over \$3 billion.

Senator MARSHALL. We actually gave you \$3.7 billion, which I think was more than adequate to cover the situation. I think it is unfair to punish those just because they have more acres.

Let's move on to the next question here. Okay. Let's talk about the Packers and Stockyards Act. I am not sure if we have gotten

to cover that topic today yet. In June 2021, USDA stated, and I quote, “The USDA will re-propose a rule to clarify that parties do not need to demonstrate harm to competition in order to bring an action,” end of quote, under certain provisions of the Packers and Stockyards Act. This rule is now at the Office of Management and Budget for final review before it is proposed. I point out that eight Federal appeals courts have already affirmed that the Packers and Stockyards Act requires a person to demonstrate harm to competition. Certainly we have over 60 livestock organizations nationwide that oppose this rule because it hurts their livestock producers.

Here is the question. Is it still the position of the USDA that you can implement a rule that would be a blatant violation of circuit court precedent by not requiring harm to competition to bring an action under the Packers and Stockyards Act?

Secretary VILSACK. Well, the rule itself has not been finalized, Senator, so I think, obviously, we have to take into consideration any litigative risk associated with the rule and crafting it. I think you are going to see more activity from packers and stockyards before that rule is available for folks to look at. I think there is still work that we need to do on the poultry tournament system. I think there is more work we have to do to avoid discrimination and retaliation to producers, and I think you will see those rules coming forward relatively soon.

I think there is still work to be done, and we are continuing to do work on the rule that you mentioned, and I think it is obviously appropriate for us to craft it in a way which we believe responds to any of the concerns the courts have raised in the past.

Senator MARSHALL. Thank you. I am digesting that answer. You do not feel that if it has this harm to competition—it is almost a double negative on me here—do you think it is in violation of the circuit court precedent by not requiring harm to competition to bring an action under the Packers and Stockyards Act?

Secretary VILSACK. I think it is incumbent upon us to craft it in a way that responds to whatever concerns have been raised by courts in the past to avoid those problems, and at the same time to provide a more balanced marketplace for producers and integrators.

Senator MARSHALL. Thank you. I think I would just close by, you know, making a comment that if we want to guarantee affordable food, access to affordable food for everybody, we are spending plenty of money on the back end, but I am concerned, as we work on a farm bill going forward, that we are not spending enough money on the front end to make sure that our farmers are able to plant next year’s crop. That is not really a question. It is just a statement.

Thank you so much. I yield back.

Chairwoman STABENOW. Thank you very much. Senator Durbin, thank you for your patience. Senator Durbin.

Senator DURBIN. Thank you, Madam Chair. Mr. Secretary, it is good to see you. Congratulations on Caitlin Clark.

Secretary VILSACK. She is something. I am not sure I would pay \$400, but I might. She might be worth it. She is one hell of a player.

Senator DURBIN. I am going to ask you a question that starts with part of it that does not sound like it belongs in this Committee. I wanted to talk to you about the environment, and particularly about the dead zone in the Gulf of Mexico.

This is not a new phenomenon but it is a recurring and threatening phenomenon where some 4,000 to 8,000 square miles of Gulf of Mexico dies because of the runoff primarily from the Mississippi River. That runoff is chemicals, nutrients, animal waste, sewage, and the like. It has a dramatic impact on the Gulf of Mexico, on weather patterns, and a lot of other things.

I know enough about you personally that you care about things like this. I do too. They trace the origin of many of those elements of runoff to our States, Illinois and Iowa.

I guess my question to you is, what do you think about current farm programs and whether they are addressing this and whether there are things that we need to be doing in the future? I think about Illinois' situation. We are kind of blessed to have similar States we are from, from a farm viewpoint. We are about no. 4 in the Nation in terms of agriculture production, a pretty big State. We rank 37th in the Nation when it comes to participation in the major conservation programs, soil conservation programs, that might avoid some of this runoff.

What are we missing? What do we need to do? If you think it is a problem, how would you address it?

Secretary VILSACK. Well, I think first of all the resources that you all have provided under the Inflation Reduction Act provide some ammunition to begin to address this issue in a more meaningful way. We have expanded the number of cooperative groups that are reaching out to farmers to encourage them to participate in basic conservation that could potentially significantly reduce the need.

We are also funding research, Senator. I think we know that we over-apply some of these nutrients, and with precision agriculture I think we will do a better job of understanding which acre of land actually needs nutrition and which does not. I have been told that perhaps as many as 30 percent of our corn acres in Iowa and Illinois may not require any fertilizer at all, so we would see a reduction in the use of that.

We have resources that have been applied from the CCC that we are utilizing to create alternatives to the fertilizer. We are going to look at different ways to fertilize the land.

We have our climate-smart agricultural practices and effort, where we are trying to encourage climate-smart practices by paying farmers to embrace them, provide a market premium for what they raise sustainably. That should also have an impact.

If you expand conservation, if you reduce the level of fertilizer being applied, if you create financial incentives for farmers to embrace climate-smart practices, and you do research that allows you to be more precise, I think the combination of those factors will significantly, over time, reduce the risk of the dead zone continuing to expand at the rate it is.

Senator DURBIN. I know I am stepping into a minefield here, but the initial statistics which you offered earlier about ownership of farmland and the size of the farms for average farmers and income

and such suggests that many of the key decisions on participating in these programs are being made by investors rather than actual farmers on the land. In that situation, do we have the right incentives in place for these investors to be part of these programs?

Secretary VILSACK. I think we do because the science would say that if you invest in conservation you improve the productive value of the soil. You also have water quality improvements. It is in the long-term best interest of a landowner to have conservation practices embraced because it will increase the value and productive capacity of that farm over time.

Senator DURBIN. I recently took a flight last week to Africa, on a Delta Airlines plane, and they were making it clear to all of their passengers that they are taking this global warm and climate change seriously, and they want to be zero carbon producers in a matter of just 10 or 20 years, to the point where they offered, where I was sitting—I had a nice seat—a toothbrush, which is not unusual, but they made a point of telling me that it had a wooden handle on it, less plastic.

It appears that the private sector in this country, at least some parts of it, are taking very seriously climate change and changing the way they are going to do business in the future. What do you think we need to do to bring the farming sector into that mindset?

Secretary VILSACK. Well, there are 141 projects that we are funding through resources from the CCC, Senator, encouraging, in 50 States, climate-smart practices to be embraced by farmers. It involves, as I say, 141 contracts. Those contracts involve well over 100 commodities and over 205 climate-smart practices. This system basically pays farmers, incents them to embrace climate-smart practices, and then is linking them up to markets that will essentially provide a reward, if you will, a value-added proposition for farmers.

Second, by being able to measure, quantify, and verify the results of that climate-smart practice we are helping to create the opportunity for that same farm to generate an ecosystem market credit which can generate more income from the farm.

Then finally, many of the projects involve the conversion of agricultural waste, which is another answer to your dead zone question. If you could actually begin to take manure, instead of over-applying it on land, you can create it as a feedstock for one of those bioproducts, it could be sustainable as aviation fuel, it could be a variety of other bioproducts. You have created not only a new income source and a new commodity for that farmer, you have also created jobs in rural communities.

Senator DURBIN. Thanks for your service. Thank you, Madam Chair.

Senator BOOZMAN. [Presiding.] Senator Tuberville.

Senator TUBERVILLE. Thank you, Senator Boozman. Thank you, Mr. Secretary, for being here.

Let's talk about SNAP for a second, Mr. Secretary. Considering roughly 80 percent of the farm bill is for SNAP spending, we need to rein in fraudulent activity and ensure food assistance goes to those who truly need it most. I think we all agree with that. I hope we do.

I know that States directly administer SNAP, but USDA oversees the program. Could requiring the asset test and States' help address fraud in SNAP?

Secretary VILSACK. I think what would be best to do at this point, Senator, is for us to get back to regular order in terms of the process for people qualifying and staying on SNAP. During the pandemic there was essentially a waiver of that process, including constant interviews and touching base with folks. Getting back to regular order I think would be significant, and that is why we have sent letters to Governors in a number of States, encouraging them to get back on track.

Senator TUBERVILLE. What additional information does the USDA need to help address the root causes of fraud? Anything else that we need to make it easier to catch them?

Secretary VILSACK. Well, I think we have made some significant steps in that regard, and I think probably what I need to do, Senator, is I need to give your team a full briefing of the steps that we have taken, given your interest in this. I think sometimes people see the error rate and they think that represents fraud. Sometimes the error rate is actually overpaying and sometimes it is underpaying. We want to make sure that we are calculating the benefits properly and making sure people get, as you say, the assistance that they need.

Senator TUBERVILLE. Yes. Thank you. I will get my staff to get in touch with you so we can kind of work on this together.

I have got a question on trade. The U.S. has historically been strong on agriculture exports, but due to President Biden's economy, U.S. agriculture trade has a trade deficit of over \$30 billion, due to rising imports and lack of new market access. Can you share with us how the USDA is working with U.S. trade representatives to underscore the need for a proactive approach so that our competitors do not continue to gain market share and capture opportunities that would have otherwise been ours?

Secretary VILSACK. Well, I think you have to look at what is driving the import issue. What is driving it, in large part, are horticulture and sugar, which are two areas. I would also say that sometimes there is a tendency, Senator, to focus solely on trade agreements and not understand that there is work below that process that matters. We have calculated roughly \$20 billion of trade wins that have occurred in the last couple of years.

I will just give you a couple of examples—Mexico and potato access, Japan with increased beef quota, India expanding access to apples, the Philippines expanded access to pork, Egypt expanded access to poultry. There is a substantial number of things that have occurred that do not get the headlines, but that actually result in increased trade.

The reality is we have a very much stronger economy than the rest of the world has. When China's economy suffers that obviously has an impact and effect on exports as well.

It is a combination of factors. Strong American dollar—I mean, do we want a weak dollar? I don't know, do we want to weaken the American economy so people are not buying stuff? I don't know. We are going to continue to work on this.

I would say as far as trade agreements are concerned, you know, the reality is, maybe you think you can pass trade promotion authority. I have not seen that happen here, in this body. Until it does, it becomes very difficult for us to negotiate a trade agreement when the people we are negotiating with believe that there are 535 folks, yourself included, that could renegotiate the deal. It is hard to have a trade agreement without trade promotion authority.

Senator TUBERVILLE. Let's talk a little bit about poultry. Yesterday the USDA FSIS extended the time limited trial for pork processing facilities, allowing them to continue operating at higher line speeds. As of now, the poultry industry's line speeds waivers are set to expire at the end of March. Can you say whether USDA plans to extend the waivers?

Secretary VILSACK. I think we will an extension of this because we want to make sure we get the right information about whether or not line speeds actually do relate to increased worker injury or worker safety. That is the whole purpose of this is to try to find out what the facts are. We need to structure these studies in a way that gives us the information. I am not interested in making decisions on this until I have all the facts, and I do not have all the facts yet.

Senator TUBERVILLE. Thank you. Mr. Secretary, our farmers in Alabama and across the country are struggling to survive, and I know you have met with a lot of them and you have probably heard from a lot of them, especially our family farms. You know, net farm income has fallen \$70 billion since 2022, and that is the fastest and largest decline in U.S. farm profitability over a two-year period of time. Overall input costs are up \$27 billion since 2021, and up over \$100 billion since the last farm bill, driven by rapidly rising interest rates, which we cannot control, record high labor costs, if you can find labor, and the inflationary pressure across all other farm inputs.

Our farmers are struggling to keep up with the ever-evolving bureaucratic environment that requires them to hire lawyers and lobbyists to ensure compliance with the endless red tape up here in Washington forces them to do. These are additional costs that they really cannot bear, to contribute into further consolidation in the ag industry.

Why do you think that farmers are leaving the industry and the next generation does not want to keep farming? I mean, do you have any answer to that for our farmers?

Secretary VILSACK. I have several answers. I think one is that there has been a focus on production. We are talking about a commodity-based system. We have encouraged farmers to produce. We have suggested you have got to get big or get out. That has been suggested.

What we need to do, in my view, is to create alternative market opportunities for those small and mid-sized producers so that they are not necessarily competing solely and completely in a commodity-based market, which is not really designed for them. That is why it is important to have local and regional food systems. That is why it is important to invest in renewable energy and create opportunities for that energy to be sold to the local co-op. That is why it is important to have climate-smart agriculture so that you get

a value-added proposition. That is why it is important for us to create new products, like sustainable aviation fuel, that can create new commodities with agricultural waste. There is a multitude of things that we can and are doing to basically create a better opportunity in the future.

Senator TUBERVILLE. What I just do not want to see is what is going on in Europe, you know, with all the farmers driving their tractors up and down the road.

Secretary VILSACK. Completely different approach.

Senator TUBERVILLE. I understand that. I understand that. It is all about regulations, at the end of the day. The farmers in Alabama, you know, it seemed like every other phone call I get is about something different that they are having to face in terms of whether it is climate change, or whether it is the high cost of fertilizer, all the things that are coming at them at once. The prices are not there, and they cannot make a profit. If we lose our farmers we are in bad trouble.

I just want to let you carry that on from the people in Alabama. It is tough times for them, and just hopefully this year there is a good crop and everything works a lot better than what it has.

Thank you.

Senator BOOZMAN. Senator Fetterman.

Senator FETTERMAN. Actually, I defer to the gentleman from Iowa.

Senator BOOZMAN. Well, that is very nice. Senator Grassley.

Senator GRASSLEY. Before I would address my first question I would speak to the entire Committee, of which there are only three of us here now. I think we are missing a real good opportunity to make sure that farmers have the long view on agriculture policy by not having a five-year farm bill, and just would like to emphasize the importance of getting that done yet this year.

Say, I know, Secretary Vilsack, that you are doing a lot to enhance the enforcement of the Packers and Stockyards Act. I do not know the status of that, and I know you had a discussion with Senator Marshall on it. It came up that there were some decisions by circuit courts that you had to take into consideration. Does that enhance your ability to do stronger enforcement or weaken your opportunity to do stronger enforcement?

Secretary VILSACK. Well, I think it informs our ability to try to figure out how we can create a leveler playing field for the producer, which I know you want, and at the same time withstand any litigative challenge that may come to the rules.

Having said that, there are a series of packers and stockyards rules that we are in the process of completing. We have completed the transparency rule, where we are asking folks to provide producers a bit more information about who they are doing business with. We are very close to getting the retaliation and discrimination rule out in final form, that essentially says you cannot discriminate or retaliate against a producer when he or she exercises their rights. There is a poultry tournament system rule that is in the process. There is also a cattle discovery rule that is in the process.

There is a series of rules that we are looking at, and the goal here, Senator, is to level the playing field, just to provide a balance.

Senator GRASSLEY. Of all the different rules that you are trying to write, do these circuit court opinions affect every one of those rules—

Secretary VILSACK. No.

Senator GRASSLEY [continuing]. or just some of them?

Secretary VILSACK. Just one.

Senator GRASSLEY. Just one.

Secretary VILSACK. Yes, sir.

Senator GRASSLEY. Then could you characterize for me if you think that that ruling causes you to do less than what you would like to do, as Secretary of Agriculture, to make sure the act is effective or it enhances it?

Secretary VILSACK. I think it is a challenge for us to figure out how to do what needs to get done but to do it in a way that does not create a litigative challenge, a successful litigative challenge.

Senator GRASSLEY. Well, you have informed me well on that. Thank you.

Maybe, very generally, could you speak about your role—and your role is not the primary role in regard to this special fuel for airplanes that grain farmers have a big interest in—but your role in that, and then can we preserve feed stocks being primarily used there without diluting it? Like I heard some people wanted to dilute it.

Secretary VILSACK. I think we have two roles at USDA with reference to sustainable aviation fuel. One is to advocate for a rule that allows a broad array of feed stocks, including the traditional feed stocks that are used for biofuels, to be qualify for the tax credits and for the incentives, so that it is financially feasible to use ethanol, for example. That is part of my responsibility is to articulate the need, the science behind that. I think we have been successful in getting the GREET model incorporated in this process. I think we are now in the process of talking about climate-smart agriculture, and we are going to continue to pound the table on that.

The second responsibility is for USDA to also provide the science and the data behind the availability of feed stock, the logistics for the supply chain, how you can accelerate adoption and commercialization. I was in Georgia recently, at the first commercial-scale plant. Obviously we need to get to 36 billion gallons. That plant was a 10-million-gallon plant. Obviously we have to accelerate dramatically the commercialization and availability. We need to figure out the tools that we can use at USDA, our loan programs and so forth, to try to accelerate that.

Senator GRASSLEY. Could you characterize for me the advice you have been doing in this, how it has been received by those that have to make the final decision?

Secretary VILSACK. Well, I think they appreciate the fact that I am a strong advocate, and that our team at USDA is very thoughtful and provides the scientific data to back up what it is we are saying. We are not just advocating because it would be good for farmers. We are advocating because the science supports it. I think as a result a number of folks, who may have been a bit skeptical of the GREET model, for example, now embrace the GREET model. We are in the process of educating them about climate-smart agri-

culture so they understand the cover crops and efficient fertilizer and no-till, things of that nature, you can calculate the benefits of those, and that that should be incorporated in the matrix and in the calculation.

Senator GRASSLEY. Let me end with a position or a feeling I have about this. There seems to be an inconsistency from I think primarily environmental groups, and if I am wrong on this you can correct me. They want to clean up the pollution that airplanes put into the environment, and yet if you do not use ethanol and grain as input into that then you are not going to have enough fuel made by all the other sources you can use. It seems to me that we ought to be on the same wavelength, environmentalists with farmers, so we have an adequate amount.

Secretary VILSACK. Well, I would agree with that, and I would sort of add a point, which is if you cannot domestically produce the feed stocks for this fuel then you are going to have to import them. Why would we do that?

Senator GRASSLEY. Yes. Okay. Thank you for your courtesy. Thank you, Secretary Vilsack. By the way, are you going to be the longest-serving Secretary of Agriculture we have ever had pretty soon?

Chairwoman STABENOW. [Presiding.] I think so.

Secretary VILSACK. I am not.

Chairwoman STABENOW. You are not?

Secretary VILSACK. No.

Senator GRASSLEY. You will be.

Secretary VILSACK. Big Jim "Tama" Wilson from Tama, Iowa, served 15 years and 11 months.

Senator BOOZMAN. We all saw the Jeopardy question.

Chairwoman STABENOW. Oh my goodness.

Secretary VILSACK. Did you answer it, Senator?

Senator BOOZMAN. Not correctly.

Chairwoman STABENOW. Oh my goodness.

Senator BOOZMAN. No, that is one of the few ones I could actually answer.

Chairwoman STABENOW. All right. Senator Fetterman, welcome.

Senator FETTERMAN. Thank you. Sorry. It is a pleasure to be here. Now, I meet with a lot of farmers from my State, which happens to be Pennsylvania, and it is actually our top business in Pennsylvania. I am sure you know that. There are things that come up that may not be perfectly germane to certain kinds of discussions here, but I just really want to bring about some of these issues that I hear a lot when I meet with the trade groups and other farmers all across. One of the same kinds of argument is that they need to have support in order to remain in business and to be profitable, and they are under siege by a lot of different things.

One thing I wanted to talk about now, and I hear this again and again, is concerns, and I share those concerns, is foreign countries owning our land. Is that an issue that you might be concerned with?

Secretary VILSACK. It is roughly three percent or so of the agricultural land is owned by foreign interests, Senator. Now the challenge is whether or not we have an accurate read on that, based on the system, which is an honor system where folks are supposed

to report if they are a foreign owner. Some folks do. Some folks may not.

Senator FETTERMAN. You do not believe it is a concern because it is three percent?

Secretary VILSACK. Well, you look at the people. It is Canadians, it is U.K., it is Brits, it is folks from Holland. Oftentimes people talk about this in terms of China. China is one-tenth of 1 percent of that amount.

Senator FETTERMAN. Yes, I believe they are the tenth. Even though they are tenth in terms of ownership, but they effectively own about half the size of Rhode Island.

Secretary VILSACK. Well, my concern about China is twofold. One is the location of whatever they own, whether it represents a security issue. We found recently the desire to buy land that was close to a defense installation. I have concerns about that.

China is also our No. 1 ag customer, from an export perspective, and when I was meeting with the agriculture minister he inquired about certain laws that were being passed in the United States, which means that they are sensitive to what they are hearing, and the question is whether or not that will impact their buying decisions and whether that matters to anybody on the Ag Committee or anybody in the Congress.

Senator FETTERMAN. To your knowledge, do American farmers or companies, are they buying Chinese land?

Secretary VILSACK. No.

Senator FETTERMAN. Why not?

Secretary VILSACK. China does not provide that.

Senator FETTERMAN. If they do not allow us—

Secretary VILSACK. Well, and States—

Senator FETTERMAN. If they do not allow us and we allow them, that does not seem—

Secretary VILSACK. Well, States basically can pass laws to prevent foreign ownership, and many States have done that.

Senator FETTERMAN. Okay. All right. Well, moving on, but again, I—and again, I am not really concerned that Canada owns a lot, you know, they have some of that, or I am not really worried that Denmark might. Again, China has been very clear that it is certainly not an ally, and it is certainly in a kind of category, and now they do not even allow us to have that kind of same situation in their nation, and I think it is a concern, and I hear that a lot in my State.

Now moving back to another thing is SNAP. Now, the Republican side, especially the ones in the House, now they really want to make that a target, and to me I think it is critical about that. Given my position and Chairman of the Subcommittee, or whatever, I would do anything legally that I can do to block any legislation if they try to cut SNAP, or to weaponize that, or do anything to the Thrifty Food Plan. In 2018, the farm bill authorized, in a very bipartisan way, the USDA is regularly reevaluating the Thrifty Food Plan.

Can you explain a cost-neutral Thrifty Food Plan that would be a cut to the benefits?

Secretary VILSACK. Well, it would impact and affect the level of benefits in the future and would result in less benefit over the long

term. It would not necessarily cut the benefit today, but it would certainly result in a lower benefit in the future.

Senator FETTERMAN. Well, I just really want to be clear that to me that is untouchable, and SNAP is, I think, in my mind, sacred to people that are hungry in our Nation.

Now speaking of other foods and anything, my farmers feel like they are under siege by these plant-based, so-called plant milks and that as well. Now, so I do not believe that you should count something that is made out of oats or almonds or whatever as milk. I mean, they can make whatever those products as you want. It is impacting the bottom line for our dairy farmers here in my State, and I suspect all across the Nation.

What are just your personal thoughts on labeling plant milk when it is not really anything to do with milk?

Secretary VILSACK. Well, I think the challenge here is that the term “milk” has a certain brand associated with it in terms of nutrition. I think people believe that milk is a very nutritional food. Anybody who uses the term “milk” ought to be able to establish the nutritional value of whatever it is that they are trying to sell.

Oftentimes what you find with those alternatives is that they do not match the nutritional value of milk, and therefore, in my view, they ought not to be able to use that term.

Senator FETTERMAN. Okay. Madam Chairwoman, 90 seconds perhaps?

Chairwoman STABENOW. Absolutely.

Senator FETTERMAN. Thank you. It pains me to agree with Governor DeSantis on anything, but I will, that he is opposed to lab meat, and I find that really kind of very unattractive, basically. Now that is another challenge as well too. Now that is one more product or movement or whatever that is going to impact our farmers that raise beef or other kinds, or chickens.

Can you be calling that actual meat, or is that, what kind of category is that kind of a thing?

Secretary VILSACK. Well, we are currently grappling with this issue right now in terms of labeling—what do you call it? If the biological process is actually equivalent to what takes place with livestock the argument is that it ought to be able to be called meat. However, consumers, I think, need to understand and appreciate the differentiation between cell-cultured meat and livestock that is produced on the farm, and that is what we are dealing with now, trying to figure out how do you distinguish, so that when consumers make the choice they know what they are buying.

Senator FETTERMAN. Yes. I mean, I am not a luddite or anything like that, but I find that very different. I think I would—so, but I do think it is going to have another impact and a challenge for our farmers. Anyways.

Chairwoman STABENOW. Thank you very much. Important questions here in labeling that I know the Department has got to deal with in a number of areas, so thank you. Senator Hoeven.

Senator HOEVEN. Thank you, Madam Chairman. Secretary, thanks for being here and for your work on behalf of our great farmers and ranchers across the country. Our colleague from Pennsylvania just mentioned SNAP, and in the baseline for the farm bill, which is \$1.5 trillion, the SNAP baseline is going from about

600-and-some billion to about \$1.25 trillion, so that is doubling. Is there any other program in the farm bill where the baseline is going up that much?

Secretary VILSACK. Well, there may be a smaller program where you are seeing an increase, but probably not.

Senator HOEVEN. I just referenced that in terms of his concerns about a cut. Last I checked it is about doubling. I do not understand where somebody would talk about a cut.

I want to bring up two programs that I think are fundamentally vital for farmers and ranchers across this country in terms of production agriculture, and it will not surprise you when I tell you the first one is crop insurance, and the second is the countercyclical safety net. I think these are fundamental to our system of agriculture.

We have an amazing system of agriculture in this country. It is still largely small businesses, family based businesses, family based farms and ranches across this country. When you look across other industries—and I welcome some comments on this if you would like—we see concentration over and over and over again in these other industries. In farming we do not have that. We still have this amazingly diverse system of farming and ranching, of largely family based small businesses.

I think that is incredibly important for this Nation, fundamentally important for this Nation. I think sometimes it gets taken for granted, and I think we better be really, really careful not to take it for granted, because we have the highest quality, lowest cost food supply in the world, and not only do Americans across the board, they are able to spend less of their budget than in other developed countries because of what our farmers and ranchers do.

When we talk about a farm bill, it benefits every single American, every single day because of what our farmers and ranchers are out there doing, and I know you believe that too. When we talk about this farm bill we have got to get it right for production agriculture, because we cannot take that amazing enterprise that we have, agriculture in this country, which is fundamental to our Nation in so many ways, our national defense, everything, and that means crop insurance, the No. 1 risk management too, we have got to get it right, which also reduces the need for ad hoc disaster programs, and the same with the ARC/PLC.

When I ask you, do you support making sure that we update crop insurance, that it is affordable for our producers, that it is as fair as possible from State to State, and that they have access not only to crop insurance on their enterprise, on a basis that they can afford, but also supplemental coverage options, do you support that, and do you have ideas on how we can and should enhance it?

Secretary VILSACK. Senator, I think the fact that we have had new crop insurance policies established while I have been Secretary and we have seen a dramatic increase in the number of modifications to existing crop insurance policies, the establishment of a whole-farm revenue protection, even a micro-farm program, I think suggests that we understand and appreciate the importance of it.

I would take a slight issue with one of the comments that you made. I think there is consolidation happening in agriculture. I am not happy with the fact that in my professional life we have lost

544,000 farms, gone. Those are families that I think, I suspect, many of them would have loved to have been able to continue farming but were not able to.

Now, folks can tell me that it is all about regulations and taxes and so forth, which is what I hear all the time, but I think what has been missing from the conversation is market development, domestic market development, and alternative revenue streams for these farms.

As you talk about a farm bill that is focused on production agriculture, I would hope that we also understand the importance of local and regional food systems, understand the capacity to create additional revenue streams for these farms. Otherwise we are going to see consolidation.

Senator HOEVEN. Right. We are making the same case. Now we both may be talking about tools we think are important, and additional tools, but we are making the same case that we have got a pretty great system, and we want to make sure that we sustain it, right? You just lamented the fact that we have lost some farms.

Secretary VILSACK. We want to make it better.

Senator HOEVEN. Right.

Secretary VILSACK. That is for sure.

Senator HOEVEN. You would agree that really starts with crop insurance, doesn't it? I am not saying the other things you mentioned are not important. I am saying isn't it—I mean, if you asked farmers across this country, what is the first thing they tell you they need, the No. 1 thing that they think is most important in terms of risk management?

Secretary VILSACK. Well, there is no question that that is the answer, but the question is whether or not we have challenged ourselves to think anew and to think more broadly. I am not suggesting that we should not do what you have outlined on crop insurance. Absolutely. What I am suggesting is that if you just stop at that, that is all you do—

Senator HOEVEN. Sure.

Secretary VILSACK [continuing]. that is not enough.

Senator HOEVEN. Yes, no, that is right. Then let's add the countercyclical safety net to that. Isn't it important that we do as good a job as we can on that and update that, including reference prices, to make sure it is relevant, and reduce the need for ad hoc disaster programs?

Secretary VILSACK. Long as you are not damaging other opportunities that could create a chance for farmers to benefit from conservation practices, for example. To the extent that you are talking about doing reference prices at the expense of fill-in-the-blank—SNAP, IRA—that is where I think you have some challenges, which is why I have suggested let's be more creative than that.

Senator HOEVEN. Can I ask the indulgence from the Chair for maybe another minute, at most?

Chairwoman STABENOW. Yes.

Senator HOEVEN. I am glad you brought it up. Conservation programs, would you agree, though, that they should be voluntary, they should be farmer friendly, they should be not one-size-fits-all, and that we have good examples out there like EQIP and CSP and

the RCPP and others that our farmers and ranchers tell us they do want more of.

Secretary VILSACK. Everything we have done has been consistent with that, Senator.

Senator HOEVEN. In the livestock area—well, I am glad to hear that because, you know, we listen to farmers all the time and they do want some of these programs. They want more funding for the programs. I really think, again, emphasizing farmer friendly being so important. You are from Iowa so you know what I am talking about.

Cattlemen—how do we get more transparency? They are doing well right now, but boy, they suffered for a long, long time before they got these markets. They are doing better now, and I hope it continues for our cattle producers for a while. How do we continue—and you know the concentration; I will not even go into all that on account of time—what do we do to improve price competition and transparency?

Secretary VILSACK. Price discovery, greater transparency, more processing capacity at the local and regional level.

Senator HOEVEN. You support our cattle contract library?

Secretary VILSACK. Absolutely. Well, we established it.

Senator HOEVEN. Thank you, Secretary. I appreciate it.

Chairwoman STABENOW. Thank you so much. We have got a number of members coming in now so thank you, Senator. At this point, Senator Warnock.

Senator WARNOCK. Thank you so very much, Madam Chair. I was glad to get the news a little while ago, and I am sure everybody here has it, that it looks like we may be avoiding a government shutdown. Here we are again engaged in governing through brinksmanship, which is a terrible way to run anything, let alone the U.S. Government. Included in the deal that was struck is ag, but obviously we will see the text in a few days, over the weekend, and hopefully get these bills cleared next week.

As we think about this and the prospect of a government shutdown, if the Secretary could put into sharper focus for us, and welcome Secretary Vilsack, as we think about this I am considering the implications of a lapse in funding that puts millions of hard-working families at risk, both those who run the small family farms that are the lifeblood of our rural economies and those who rely on vital food assistance programs. Secretary Vilsack, which consequences of a government shutdown at USDA keep you up at night as we work our way through this?

Secretary VILSACK. Senator, first of all the farmer who cannot get the loan, the farmer who will not be able to get the ARC and PLC payment, the farmer that will not be able to get the disaster assistance program, the farm that will not be able to get the conservation contract signed, the SNAP recipient, potentially, that will not get the SNAP resources to be able to go to the grocery store. The WIC mom that will not get the benefits from the WIC program, the researcher who has spent his or her life for the last several years doing some extraordinary research only to have the lab shut down and millions of dollars of research lost, the Forest Service that wants to open up the forests so people can enjoy them but cannot and will not. I mean, the list goes on.

Senator WARNOCK. Thank you so much, and I appreciate that exhaustive list because it underscores how much is at stake beneath the gains that Washington plays.

Secretary VILSACK. Senator, if I could just say one thing about this. Just the threat of a shutdown—this is the fourth time that we have had to spend staff time planning for a shutdown.

Senator WARNOCK. Right.

Secretary VILSACK. Interestingly enough, depending upon the timing of the shutdown depends on who gets characterized and in what category in terms of the work force. It is an extraordinary waste of time.

Senator WARNOCK. Resources.

Secretary VILSACK. Well, it is just maddening.

Senator WARNOCK. Yes. Thank you so much. I am going to change topics. You are well aware that child hunger is a serious issue in our country. Approximately 30 million students are eligible to receive free or reduced-price school meals. However, over the summer months they often do not have adequate access to meals. Hunger does not go on a vacation.

How many students are reached by these summer lunch programs?

Secretary VILSACK. Do you want to know how many of the States that have agreed?

Senator WARNOCK. Yes.

Secretary VILSACK. Twenty-one million out of the 30 million or so that are eligible. There are 13 States that have yet to agree to participate in the program.

Senator WARNOCK. That is right, and sadly, my State of Georgia is one of those States. This summer meal gap is putting our most vulnerable children at greater risk of going hungry, struggling in school and experiencing long-term health challenges.

Secretary VILSACK. It is 1.1 million children in your State.

Senator WARNOCK. It is 1.1 million. State leaders in Georgia refuse to participate in this program. They say they do not need it. I do not know who is the “they” they are talking about. I can tell you, as a pastor, I can point to folks not far from my church who would benefit.

How much money is Georgia leaving on the table that could be used to feed our kids?

Secretary VILSACK. \$138 million, but then you have to figure out how it rolls around in the economy. You are talking about probably close to half a billion dollars of economic activity that is lost.

Senator WARNOCK. Right. \$138 million, not to mention the economic impact on our State. Same thing with Medicaid expansion, a similar story. I appreciate your effort in standing up this new program. I appreciate all the hard work you all are doing over at USDA, and I hope you will continue to encourage States like Georgia, that have not opted in this year, to do so next year. We have to continue to work until we close the summer meal gap and all of our children have equitable access to food.

I want to change yet to another topic, Sections 22006 and 22007—I will take credit for that last number—of the Inflation Reduction Act, which I fought hard to include with Senator Booker and the Chair. It provided \$5.3 billion for economically distressed

farmers and farmers who experienced historical discrimination by USDA. It has been a joy to engage these farmers over the time of my early years in my tenure here in the Senate. When I think about that program it is one of the reasons why I do this work. Every now and then you get a chance to do something that is transformation. I think of Lucius Abrams, who was one of the farmers in Georgia who had all of his USDA loans forgiven. I believe you know Lucius, and you know that this means he is no longer at risk of literally losing his farm.

Last time you came before the Committee I asked about your outreach plan for eligible farmers to ensure they applied for assistance. That application window is now closed. I will ask you in my written questions about the outreach that you did.

Now I would like to talk about what happens next and when applicants might see assistance. When I talk to farmers in Georgia who have applied for this assistance they tell me that they are trying to plan for the next planting season, and they need to know when they can expect assistance. What is your timeline for getting this financial assistance into the pockets of farmers?

Secretary VILSACK. By last count there were nearly 60,000 applications that have been received, so now the administrators, the outside administrators, have got to go through the process of evaluating those applications. Our hope is that we get resources out the door sometime in the summer.

Senator WARNOCK. Sometime in the summer. Very good. Thank you so very much. These farmers have had a long haul. This goes back over decades. The financial assistance is long overdue. I want to continue to strongly encourage you to swiftly roll out the rest of this funding so other distressed farmers can remain on their land and have the opportunity to grow another crop. I am grateful for the work that USDA has been doing on this.

Secretary VILSACK. There are an additional nearly 40,000 farmers that have received assistance under 22006.

Senator WARNOCK. That is correct. Right. Thank you very much, Mr. Secretary.

Secretary VILSACK. Thank you, Senator.

Chairwoman STABENOW. Thank you very much, Senator. Senator Braun, you are back with us. I was thinking, as the Secretary was talking about growing climate solutions and the work we have done together, and now it is in the Department. Senator Braun.

Senator BRAUN. Thank you, Madam Chair, and that was a long journey, and imagine getting a bill like that through the U.S. Senate, 92 to 8.

Chairwoman STABENOW. It was great. Senator Boozman, thank you for your leadership on that.

Senator BRAUN. Thank you, Madam Chair. Today I want to talk about something. I am still involved in farming, to the extent you can. By the way, Jon Tester, I think, still drives a tractor in his spare time. Other than things like WOTUS and maybe things out of your jurisdiction I have, over the last six months to a year, heard a topic that the farming community and farmers are worried about, which is foreign ownership of land.

In its report that I have right here, the GAO made six recommendations that would help USDA modernize the AFIDA proc-

ess, make the most of the data it collects, and collaborate better with our national security agencies. Madam Chair, I would like to submit this into the record.

Chairwoman STABENOW. Without objection.

[The documents can be found on pages 61 in the appendix.]

Senator BRAUN. Thank you. According to the GAO, the current AFIDA system is not meeting the mark to fully monitor foreign ownership and penalize non-filers. I have simple legislation, the AFIDA Improvement Act, with Jon Tester—Senator Tester is the co-lead—14 Republicans, 9 Democrats on it, including Madam Chair. I believe that this bill is low-hanging fruit. It should be the next step that Congress takes in addressing the foreign ownership of agricultural land.

Do you agree that this would be a good bill to get through the process?

Secretary VILSACK. Senator, it would be a very fine bill to get through the process, but I do not think anybody should be fooled that this somehow is going to result in a significantly better system. The reason I am saying that is that we basically have, today, an honor system. We have a self-reporting system. If you are not an honorable person you may decide not to report. There are over 3,000 county recorder offices where you could potentially file a deed and no one know about it.

Unless there is some kind of central data base, which I do not think folks are really excited about, of listing all of the real estate transactions that take place in this country, you have got an honor system, and if you are okay with an honor system, improving it, these are absolutely the right things to do. Do not fool yourself into thinking that somehow this is going to result in a full and completely understanding of foreign ownership.

Senator BRAUN. Did you look at the GAO's recommendations?

Secretary VILSACK. Yes, absolutely, but they really do not do much in terms of the self-reporting aspect of this issue.

Senator BRAUN. If the bill were amended to take care of self-reporting would that be what you would need to see to make it more effective?

Secretary VILSACK. Well, that would be a way of ensuring that you actually were getting the information that you seek.

Senator BRAUN. That is why we have hearings, to take a good bill and make it to where it might be better.

Secretary VILSACK. I am telling you—

Senator BRAUN. If that happened, would you be okay with what—

Secretary VILSACK. I would be fine with it, but I am telling you right now you are going to find people not very excited about the notion of a national data base, where every real estate transaction that takes place in this country is going to be in the Federal Government's purview.

The problem with these issues is it is so easy to sort of demagogue them. I am not saying you do, but it is a self-reporting system. If you do not want to report, you take your chances.

Senator BRAUN. Well, I think it is something that we could probably do to where it would not end up having to be a national data base, to where you could find it and just—

Secretary VILSACK. Great.

Senator BRAUN [continuing]. preempt it in some fashion.

Secretary VILSACK. Make sure that when you are doing that that if it is an LLC or an LLP that you have the ability to look into and go deeper.

Senator BRAUN. Because they can hide the true owner through that. That is true.

Secretary VILSACK. Then the question is, how much of an ownership interest are you concerned about? What if it is a one percent ownership interest?

Senator BRAUN. Well, I think we ought to be smart enough in this body, with the help of a great agency, to get the bottom of who is owning ground and not be deterred by the fact that it might be hard to do. I think that is what I am after. I will take that into consideration and see if we can work with you on the specifics to get that to where it would be a good product that you think that would work.

Another issue I hear a lot about would be Prop 12. That has probably got producers in many places in a quandary between what they are currently doing in their own operations and what they may have to do to be relevant in other markets. Hoosier farmers, I think, have been torn between the investment that they may have to make. Some may choose to do it. In terms of things that are happening in California, maybe opportunities. For many it is an area of concern, and my concern is that you do not want to homogenize things across the country. There may be a good idea there.

What do you think about what is happening along the lines of that, in terms of how it has got producers worried about if their investment is going to be irrelevant because that might cascade across the country.

Secretary VILSACK. Yes, I think the Supreme Court, when it made its decision that this did not violate the Commerce Clause did not fully understand the hog market, because I do not think hog producers have as much choice as the Supreme Court seemed to think they did in determining that this was not a violation of the Commerce Clause.

The reality is this decision that the Supreme Court has issued opens up the opportunity, literally, for all 50 States to do this, in one form or another. It could potentially be quite difficult for producers to understand precisely what to do and how to do it.

The reaction that I am having at USDA, the only thing we can do is to make sure that we are building out the local and regional food system so that producers who choose not to participate with the large packing facilities that do business in California have an alternative.

Senator BRAUN. Well, I think the concern has to be that we do not let one State be kind of a shadow regulator, that this place is going to reflexively look at it and declare it the new standard. I am not saying we are doing it. A lot of people are concerned about it. On the other hand, we do not want a good idea to be suppressed.

Secretary VILSACK. That is the challenge.

Senator BRAUN. Yes, and I think that is something that looks like it is going to be more out there than not, and a lot of this stuff

has been originating there, sweeping across the country, and I think we have got to be careful that it is not the tail wagging the dog.

Secretary VILSACK. Well, there are other issues also that intersect in this discussion that are also challenging.

Senator BRAUN. Thank you. I am out of time.

Chairwoman STABENOW. Thank you very much. Senator Luján.

Senator LUJÁN. Thank you, Madam Chair, and to our Ranking Member for this hearing, and Mr. Secretary, thank you and your team for being here today as well and the work that you have been doing.

Madam Chair, I also want to say thank you to Brendan and Kyle for coming out to New Mexico. I appreciate them traveling across the country and taking time to see firsthand—they know what an acequia is now. I want to get them out there with some shovels and they are going to clean one, one of these days.

Chairwoman STABENOW. Okay.

Senator LUJÁN. We had them out there as well, and I hope they enjoyed it. I know they both got a little bit of chili—

Chairwoman STABENOW. I know they did.

Senator LUJÁN.—I apologize for whatever that may have done to them. They got a little taste of New Mexico, so just thank you for that.

Chairwoman STABENOW. Pleased to be able to support that.

Senator LUJÁN. I appreciate that, Madam Chair.

Mr. Secretary, one issue I wanted to highlight is related to a study the USDA recently released, highlighting the discrepancy in farm payments from Hispanic and non-Hispanic farmers. The study also showed that Hispanic farmers are more likely to be at financial risk than their counterparts. I have been calling for more data on ethnic and racial disparities, and I was glad to finally see USDA release this report.

Mr. Secretary, I just wanted to ask if I have your continued commitment to make equity a priority at USDA.

Secretary VILSACK. Absolutely.

Senator LUJÁN. I cannot thank you enough, and, you know, one of the most recent visits you had, you went out to New Mexico firsthand, yourself, which I cannot thank you enough because it one thing to be able to hear about what is happening on the ground. It is another thing to see it for yourself. You took time to visit with some of those families who were devastated by what is our largest fire in our State's history.

Now, as I have mentioned several times in committee, New Mexico is still recovering from this devastating fire back in 2022, and I appreciate the partnership between FEMA and USDA, some of which you addressed while you were there. There are still some areas that need some attention, Mr. Secretary. While USDA and FEMA created a one-of-a-kind conservation restoration plan to help the folks back at home, there is still some additional direction that I think we could benefit from with working with NRCS in New Mexico.

What I still hear from New Mexicans is about some of the confusing guidance coming from NRCS on these plans. In addition,

there is also confusion as to how New Mexicans should then apply for other USDA programs.

My question, Secretary Vilsack, is can USDA do more to help New Mexicans recover from these fires?

Secretary VILSACK. Well, it sounds like we do. We recently allocated additional resources from a disaster fund to create additional resources available to New Mexico, to Vermont, and also to Alaska. If there are issues relative to NRCS I am more than happy to reach out to Chief Crosby and make sure that we are paying attention to whatever the issues are and reducing whatever barriers that exist.

Senator LUJÁN. I appreciate that, Secretary Vilsack. As a matter of fact, Madam Chair, one of the visits with Kyle and Brandon was at one of those acequia gates with a local farmer that was impacted by the fires, and he had a few issues that raised. Mr. Secretary, I will submit those in writing so we can just make sure that we are working with the team to get a response to those so that I can help Max better understand how to take advantage of those specific programs.

Mr. Secretary, going forward, how does the Department plan to implement the lessons it has learned from the recovery efforts in New Mexico into policy and practices? The reason I ask that question is to me there has been this revelation when there is fire disaster across America, and in this case in forest areas. Whether it is FEMA or the Federal Government as a whole, will react to that fire, but then some of the flooding or some of the other aspects of that disaster that need to be included in some of these declarations. Then all the alphabet soup of the acronyms of every one of these agencies that has a responsibility to work with families in New Mexico, this is really one of the first. It is very unique. I think there are some practices that maybe we learned here.

What I am looking to see, is there a way that we can work together to ensure that if this happens anywhere else in the country that some of these lessons learned from these families on the ground there, the leaders within USDA, that we can capture those and include them in policy.

Secretary VILSACK. I think so. I think one of the things we learned was the necessity of having a central location where all of our people are in one place at one time, available to talk to folks who have a variety of different issue, depending upon the nature of the disaster and how it may have impacted their particular farm, their home, their community. We did this in a gymnasium, I believe, in New Mexico. I think we learned a lot from that particular experience, and I think we ought to be figuring out how to make that sort of a standard practice in response to disasters.

Senator LUJÁN. I appreciate that very much. One of the areas related to this particular fire in New Mexico, as you know, Mr. Secretary, with some of the reports and investigations that have been conducted some of the prescribed burns were not put out completely. As a matter of fact, on one of the investigations I believe the folks that were looking at it put their hands over it and said, "Well, it is not hot." They did not use some of the infrared technology that is available to ensure that something is put out completely.

The question that I have, Mr. Secretary, is, is USDA now moving more aggressively to ensure when there are prescribed burns or other fires that got started but when we are putting them out that technology like infrared technology is being used to ensure that it is out completely and that it does not have a chance of spreading.

Secretary VILSACK. Again, another lesson learned from this is to basically have a much more extensive plan and thought process behind the prescribed burn, using all of the tools and technologies to ensure that it is safe and that it does not do the damage that we have seen in New Mexico. Yes, that is happening.

Senator LUJÁN. I appreciate that, Secretary Vilsack. The last thing that I will touch on—and I know you have heard this from a lot of our colleagues—is the importance of making sure that people need to get food, that are hungry, that they are able to get that food with some of these supplemental nutrition programs as well, and the conversations that are taking place with all of us here, but especially around kids. I think that we all agree—Democrats, Republicans—when we are talking about the most vulnerable in our communities, and especially hungry kids, there is more that we can do to work together.

Secretary Vilsack, yes or no, will the recent updates to the Thrifty Food Plan help combat child poverty?

Secretary VILSACK. Well, I think it did, but I think there is obviously more to do. I think the Summer Feeding Program is also going to have a positive impact on child hunger and child poverty. You know, the good news, as I mentioned earlier, is that in rural areas, for the first time in a while, we actually saw a reduction in the number of persistently poor counties in this country. We have actually, in the first time in over a decade, we have seen a population increase in rural America.

I think things are beginning to slowly improve, but obviously there is a lot more work to do.

Senator LUJÁN. I appreciate that. Thank you for the time, Madam Chair.

Chairwoman STABENOW. Thank you very much. Senator Fischer.

Senator FISCHER. Thank you, Madam Chairman. Mr. Secretary, good to see you. Thank you for being here today.

I am going to followup a little here on what my colleague, Senator Luján, was talking about. We had a fire this week in central Nebraska that burned over 70,000 acres, and I am thankful that currently there are not any reported injuries, but obviously when you have a significant number of acres like that and the time of year it is taking place getting hay bales as well as pasture, it is going to be an issue.

As we learn of the damages I appreciate your commitment to work with my office and Nebraskans to get the necessary disaster assistance to producers in a timely manner.

Secretary VILSACK. I would encourage your team to take a look at our Disaster At a Glance document, that basically outlines the various programs that could be available.

Senator FISCHER. Great. I would also echo sentiments that Senator Hyde-Smith spoke about with regard to our disaster programs, and I do have a bipartisan bill with Senator Luján that would ensure that USDA has the authority provide some of those advanced

cost-share payments for the Emergency Conservation Program and the Emergency Forest Restoration Program.

Secretary VILSACK. That is a good idea.

Senator FISCHER. Yes. I think it is fabulous. You know, a lot of times it takes a year or two to get those payments out, and you could see people out of business.

Secretary VILSACK. It is also important because what we are now seeing are disasters on top of disasters. Up in New England, where basically they had a flood, and just when they got things right they got hit with another disaster, which basically eliminated all the good work they had done up to that point. It is important, I think, and necessary, for us to figure out a different mechanism for providing the help more quickly to people.

Senator FISCHER. Yes. We have not had snow for a while. It will come back. It is March in Nebraska. We still have the winds, and that was the big issue with these fires that we had.

I have also expressed concern previously that conservation dollars, I believe, need to be prioritized based on locally driven conservation needs. We have large resource concerns that I hear about in Nebraska, and it centers around water—water quantity and water quality—and those are not prioritized nor are they permitted under IRA funding. About 65 percent of the practices funded in Nebraska from 2020 to 2022 were deemed only provisionally eligible or not eligible at all under the IRA.

As USDA considers what practices should be eligible under the IRA funding is it accurate that if a State or a local NRCS office believes a practice should be eligible that they must then use their own limited time and resources to make that case to USDA?

Secretary VILSACK. Well, I want to make sure that we are tracking on this because I think Nebraska is part of the Western Water Initiative where we have actually allocated resources above and beyond the IRA, focused on this issue of water.

Senator FISCHER. I am speaking specifically that the water projects do not qualify under the IRA. There are other programs they can qualify under, but not under the IRA. Is that correct?

Secretary VILSACK. I think that is correct. I could stand to be corrected, but I think that is correct. There are other programs available with resources, with normal budgeted resources, that are available for that purpose.

Senator FISCHER. Correct. When you have over half of the programs in Nebraska that address water, that need to address water, and locally the NRCS offices in the past have always prioritized those and continue to, it limits the availability then to tap into what I believe are conservations that should be recognized when we talk about the IRA, instead of it all being based on a mission. I think we should be able to recognize those.

Secretary VILSACK. You know, I think it is based on the science that these practices will impact and affect greenhouse reductions or carbon sequestration. Again, the regular programs can be utilized for the purposes of what folks at the local level feel are most appropriate.

Senator FISCHER. I agree with that statement, but also continue to push that those decisions need to be made at the local level, and passing a bipartisan bill that addresses just one segment, that local

offices in a State recognize the need and prioritization of other resources, as in water quality and quantity, I am concerned. I am saddened that those are not recognized here by the Federal Government, by USDA anymore as being important for the State of Nebraska.

Secretary VILSACK. Well, I think that is not what they are saying. Well, we could argue about this back and forth.

Senator FISCHER. Yes. We are talking back and forth.

Secretary VILSACK. It is not about them being important. They are not necessarily climate smart.

Senator FISCHER. We will have a discussion sometime on that because you understand the importance of water resources——

Secretary VILSACK. Right, but——

Senator FISCHER [continuing]. in the State of Nebraska and the value we have for that resource.

Secretary VILSACK. Absolutely, and that is why they are part of the Western Water Initiative, \$1.9 billion being made available.

Senator FISCHER. I think they are climate-smart projects as well.

Secretary VILSACK. Well, fair enough.

Senator FISCHER. We differ on that. We differ on that.

The USDA has been investing significant funds to increase independent processing capacity, and I thank you for that. We have seen a number of grants that have been awarded, \$186 million went to 24 projects, another \$171 million went to some other projects. Yet we see EPA now, their own regulatory analysis shows that if they take their preferred regulatory route that anywhere between 16 to 53 of those processing facilities will close as a result. My office has heard from a lot of small, independent facilities that are concerned that EPA is maybe underestimating the impact of that, and they are worried their facilities are going to close.

While I thank you for the investment by USDA, are you worried about that?

Secretary VILSACK. We provided input to EPA, which is why their preferred alternative, I think, is limited to 16. They offered three options. The preferred alternative is limited to 16. The third option is the 58. We will continue to work with folks.

I think we will still continue to have a strong commitment to expanding processes. We are not finished with additional resources.

We also put together a plan, a relending plan, so that facilities that may be on the edge now have access to credit to get them to a better place. It may very well be that that option is available to address whatever the EPA is requiring.

Senator FISCHER. Yes, and I appreciate that as well because, you know, we have three of the four big processors in the State, but there is also a big movement in Nebraska, as you know, to have more localized processing plants, and the effect that has on rural communities, local communities, local producers is tremendous. People are getting a little leery, though, about that. If I hear some questions can we reach out to you on that then?

Secretary VILSACK. Sure. You bet.

Senator FISCHER. Great. Thank you very much.

Chairwoman STABENOW. Thank you very much. Last, but certainly not least, the Senator from New Jersey.

Senator BOOKER. Thank you very much. Mr. Secretary, Senator Boozman and I wrote to you, urging USDA and USAID to move quickly with the \$1 billion purchase and shipment of U.S. commodities in response to the really unbelievable global hunger crisis. Tens of millions of people around the globe, as you know, are disproportionately women and children, who really are on the brink of starvation. Do you have any update that you can share with us on that?

Secretary VILSACK. Senator, we are reliant on USAID for instructions and directions because they are the ones who actually administer the distribution of those resources. I would be more than happy to reach out to Administrator Power and find out, you know, what her thoughts are. We are anxious to move on this as quickly as they give us direction.

Senator BOOKER. I appreciate it. The process has been dragging on way too long. The USDA controls the CCC funding, so I really ask that you make this a personal priority and do everything that you can in your power to expedite this process.

You know, I believe that the food aid is just a perfect example of why we need the USDA authority to utilize the CCC and not allow really any partisan riders to interfere with that in the future.

Mr. Secretary, you know that I disagree with this Administration and their position on Prop 12. We have discussed this before. I was really glad that the Supreme Court rejected it. I disagree with some of the comments at least I heard you make that allowing States to enact laws such as Prop 12 would lead to, I think your word was "chaos." I do not think there is any evidence of this, and I hope you can understand, at least, maybe not agree with, but why millions of voters in States like California and Massachusetts, legislatures in States like Michigan and New Jersey are just simply appalled by the way that pigs and chickens are treated in these large factory farms, when they are immobilized in these tiny battery cages and these gestation crates. I hope you can understand why they have taken action to ban these inhumane practices.

Even if you do not understand exactly that, or agree that they are cruel practices, this is really an issue, to me, about democracy, and faith in our democracy, as President Biden has said time and time again, is at an all-time low, and he has rightfully declared, I think, democracy as one of the central causes of his presidency.

With this issue of democracy, in my opinion, in question more than ever right now, at least in my lifetime, I hope that we can exercise some caution whenever we consider overriding the will of people in States and interfering with the role that States have as laboratories of democracy.

I do not always agree with a guy named Sid Miller, who I am sure you are probably aware of, the Texas Agricultural Commission, but last week he published an op-ed in *The Hill* supporting California's right to enact Prop 12, entitled, "Washington, Don't Tread on States' Ag Rights." I would like to submit this for the record.

Chairwoman STABENOW. Without objection.

[The document can be found on pages 123 in the appendix.]

Senator BOOKER. Thank you very much. Mr. Secretary, you know that small farmers are who raise animals more humanely from

around the country filed a brief with the Supreme Court in support of Prop 12, and the Supreme Court actually cited that brief from America's small farmers in its decision.

The farmers argue that humane treatment laws like Prop 12 create actually a lot of market opportunities, and this is in light that, in the 2022 USDA Ag Census shows that we have lost 9,000 hog farmers since 2017. These independent hog farmers, many of them in business for years or generations, have been driven out of business. We should give these laws a chance to create the market opportunities for farmers that are willing to be humane, and it supports really the small farming model.

My question really, Mr. Vilsack, to put it simply, is shouldn't we allow these, at least give a chance to create the market opportunities for these farmers and for our small farmers in America?

Secretary VILSACK. Senator, I have no problem with a State essentially directing how their farmers in that State should operate. They clearly should have the right to do that. I think the challenge is when they essentially try to extend that to other producers, and the Court basically made the decision that this was not going to discriminate against hog producers because they had a choice. I am not sure how much of a choice they actually have in terms of markets. Frankly, we are trying to create more choice by expanding local and regional processing.

My concern is that if every State does what California does then there is not going to be any consistency at all in the marketplace, and it is going to be very difficult for producers to know precisely what the rules of the game are.

Senator BOOKER. My concern is simply that, you know, Big Ag is pursuing this as a way to squeeze out of the market a lot of the people that would actually benefit from Prop 12.

Secretary VILSACK. Well, okay. I think, to me—and you can disagree about this—but I think a better approach for those small and mid-sized producers is to figure out how their farm can generate multiple sources of income, and I think there are today ways that we have put in place to allow them to do this.

Senator BOOKER. Yes, and yet 9,000 small farmers have moved out of business. We are continuing to lose them.

Secretary VILSACK. This—

Senator BOOKER. Maybe this gets to my last point. My time is running low. The USDA's Equity Commission released its final report. I was glad to see that one of those recommendations was the creation of the USDA Office of Small Farms. We are in a country right now where we are losing farms at an alarming rate. I have traveled through the Midwest, sat with families who have had farms in their family going back to the Homestead Act. In order to ensure the small farms have full access to USDA programs this was one of the recommendations.

I have introduced a bill to create such an office and to ensure it has enough funding to meaningfully help small farmers, and have been pushing to get this included in the farm bill. I just want to know, do you support the Equity Commission's recommendation?

Secretary VILSACK. That would be helpful. That would be helpful. In addition, we need the resources to be able to provide cooperators

outside of USDA to provide assistance and help, as well. I think it is both.

Senator BOOKER. Thank you. I mean, independent family farmers face outrageous challenges as the consolidated world of multinational Big Ag corporations continue to begin to dominate the market. We are seeing more and more consolidation, and that is why I think fighting for small farmers is so critical. That is why I think steps that like Prop 12 actually are supporting what small farmers are wanting.

I want to bring up one last point which is just the issue of access to crop insurance. I know the USDA has been making new crop insurance products and changes to Whole Farm and Micro Farm policies to make them more attractive for producers. However, I am learning and hearing from small farmers that they are not even able to purchase these products because agents and companies just will not sell to those independent small farmers. We have a major problem with the way we are incentivizing agents and companies to only service the largest farms. In many ways the system seems to be more and more rigged against small farmers, independent family farmers.

We need serious safeguards to ensure that every farmer has the opportunity to purchase crop insurance. The USDA already has the authority to address some of these issues. I know I need to wrap up, but I am going to submit some questions for the record on this topic, and I appreciate the 10-second indulgence by the Chair.

Secretary VILSACK. Senator, could you get me some details about the farmers that you have talked to, because I am more than happy to look into this.

Senator BOOKER. I would love that, not only for my State but across the country.

Chairwoman STABENOW. Well, thank you so much. Really important questions, and thank you, Mr. Secretary, for being with us today. You can see the broad interest in the Committee from all the members who have been participating. We know how important you and your agency are as we talk about supporting our farmers and our families and rural communities, that we all agree we want to thrive and we want people to be able to live in rural communities and have the fullness of opportunities.

Thank you for your partnership, your dedication over the years, and we look forward to working with you as we go forward.

The record will remain open for five business days, and with that the meeting is adjourned.

[Whereupon, at 5:10 p.m., the hearing was adjourned.]

A P P E N D I X

FEBRUARY 28, 2024

AMY KLOBUCHAR
MINNESOTA

COMMITTEES:
AGRICULTURE, NUTRITION,
AND FORESTRY
COMMERCE, SCIENCE,
AND TRANSPORTATION
JOINT ECONOMIC COMMITTEE
JUDICIARY
RULES AND ADMINISTRATION

United States Senate
WASHINGTON, DC 20510

February 28, 2024

Statement for the Record from Senator Amy Klobuchar

I would like to thank Secretary Vilsack for his leadership at the Department of Agriculture. Secretary Vilsack and I have worked together to help turkey producers through outbreaks of avian influenza, secure funding for rural hospitals and daycares, develop farm-based energy sources, and strengthen the farm safety net, among other important issues.

But there is so much work to be done. Minnesota is a major agriculture state. It is critical to my state and the entire country that we pass a strong Farm Bill this year. As we continue work on the Farm Bill, it is important that we have policies and programs in place to comprehensively address agricultural and food issues and support rural communities. That includes strengthening our agricultural safety net, especially for our young and beginning farmers. We also need to streamline our conservation programs so that farmers and ranchers have the tools to protect their lands for future generations. We must develop both foreign and domestic markets for our agricultural products and commodities, which includes the expansion of biomanufacturing and the development of homegrown energy sources like biofuels. I am also working to secure increased funding for the National Animal Disease Preparedness and Response Program and expand the National Animal Health Laboratory Network to protect against diseases like African Swine Fever, Foot and Mouth Disease, and avian flu. And we need to support the nutrition programs that help families access nutritious and affordable food.

I thank Secretary Vilsack, Chairwoman Stabenow, and Ranking Member Boozman for their leadership and hope we can come to an agreement on a Farm Bill in the very near future.

**Testimony of Secretary Thomas J. Vilsack
U.S. Department of Agriculture
before the
Senate Committee on Agriculture, Nutrition, and Forestry
February 28, 2024**

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

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

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

While the pandemic put rural challenges under a microscope in ways that made it easy to see exactly what needed to be addressed, these challenges predated COVID-19. The report noted that over the decade leading up to its publication, the rural population declined 0.6 percent while the urban population grew 8.8 percent. The picture was much bleaker for rural counties with

persistent poverty, whose populations declined by 5.7 percent. The report also noted that the average annual employment growth rate prior to the pandemic in rural areas was so low that rural America still had not recovered from the Great Recession by 2019. So, while unemployment remained somewhat steadier in rural areas compared to urban areas during the pandemic, ERS' outlook for rural America at the time of the report had not been hopeful for years due to longstanding systemic issues, and they did not predict a strong turnaround.

However, the 2023 Rural America at a Glance report, published this past November, paints a much brighter picture. This report notes that the rural population is growing again after a decade of overall population loss, with growth of approximately a quarter percent from 2020 to 2022. It also showed that rural employment levels and annual growth rates have nearly returned to those seen in the years prior to the pandemic. In particular, the emergence of the clean energy economy is a growing employment sector, with clean energy jobs employing more than 243,000 workers in nonmetropolitan counties in 2021, and those jobs have continued to grow through our investments since. The rural population is also experiencing a decline in poverty. In 2021, 9.7 percent fewer nonmetropolitan counties experienced persistent poverty (county-level poverty rates of 20 percent or higher over the last 30 years) compared with a decade earlier.

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

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

The historic years of farm income mirror the stronger economy that President Biden and his economic team have advanced coming out of the pandemic; the U.S. economy grew 3.1 percent over the past year while adding 2.9 million jobs and with core inflation moving back down to the

pre-pandemic benchmark over the last six months. And thanks to strong wage gains and higher job growth than expected, more families are benefitting. As a result, our policies have contributed to wages, wealth, and employment that are higher now than they were before the pandemic. This is just a snapshot of the steady improvement we have seen under this Administration, with the economy adding 14.8 million jobs overall with two full years of unemployment under four percent.

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

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

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

Over the past several decades our economy has been focused on efficiency and productivity with businesses across the spectrum—manufacturing, retail, services, technology, agriculture—consolidating. Case in point, U.S. agriculture policy has, counterintuitively, encouraged a system that inherently shrinks opportunity, rather than grows it. The “get big or get out” paradigm established under Secretary Butz in the 1970s instructed bigger farms to expand, and the consolidation that followed significantly reduced the viability of small and mid-sized farming operations. All farmers strive to be efficient, but our current system supports production of limited crops at an enormous scale. That kind of system demands a need for bigger farms, but fewer farmers. This concept of shrinking opportunity isn’t theoretical – it’s proven. We have lost 155.6 million farming acres and nearly 545,000 farms since 1981. That number of farms is equivalent to the loss of every farm in North Dakota, Minnesota, Wisconsin, Illinois, Iowa, Nebraska, Oklahoma, Missouri, and Colorado in 2023.

Having fewer farmers predictably has led to high concentration of income. Despite record-breaking farm income, in recent years, typically about 7 percent of U.S. farms receive 85 percent of overall farm income, which means the remaining 93 percent of our farms share only 15 percent of farm income. On top of this, farmers are receiving less of the food dollar today than ever before.

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

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

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

We are also giving producers new options to manage their land and creating new, climate-focused markets. With funding made available through the IRA, USDA has enrolled more farmers in voluntary conservation programs than at any point in history. In 2023, USDA enrolled nearly 5,300 additional producers in conservation programs and awarded 5,287 IRA applications

for a total of \$391 million. Even with those awards, the agency still had 5,986 applications on hand going into this Fiscal Year 2024. In our core farm bill programs, we're also seeing great producer interest. Since 2021, the Grassland Conservation Reserve Program (CRP) has enrolled a historic 6.8 million acres on over 10,000 farms. These programs are supporting farmers, important stewards of our land, in the work they are doing to provide productive and sustainable lands.

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

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

And for the rural Americans who do not have the tools to take advantage of these opportunities, this Administration launched the Rural Partners Network, which brings a whole of government approach to delivering technical assistance and resources. This allows us to lift up rural communities with a focused approach and ensure the people who are looking to take advantage of these opportunities are able. Through Rural Development programs such as ReConnect and

Emergency Rural Health Care Grants we are expanding access to high-speed internet and helping rural communities maintain access to healthcare, two critical resources for thriving rural communities. In 2023 alone, USDA helped more than 250,000 people in rural communities access affordable, high-speed internet benefitting over 11,000 farms, 7,300 rural businesses, and nearly 500 educational facilities. Additionally, thanks to 806 grants provided to health care institutions under this Administration, more than 22 million people have greater access to health care and nutrition, which is critical for not only emergency needs but also to ensure access to primary care, rehabilitation, and long-term care for millions of Americans.

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

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

climate-based tools, and food systems to create new income opportunities and value for producers and rural communities.

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

**DOCUMENTS SUBMITTED FOR THE
RECORD**

FEBRUARY 28, 2024

Dear Senator Ernst,

As a USDA employee in Washington, D.C., and a taxpayer I read with great interest your recent comments in the media regarding remote work for federal employees.

As a supervisor I can tell you that full-time remote work and extensive telework are negatively affecting productivity, efficiency, and cooperation. The vast majority of USDA employees are not working in person. On the occasions I have gone to USDA headquarters in Washington, D.C., it resembles a ghost town. Hallways are mostly empty, and offices are unoccupied.

Not working in person is hampering productivity by limiting in-person interaction. Remote work and telework employees are often unreachable and do not respond to simple email questions for hours. This leads to inefficiency in completing tasks in a timely manner and to delays in clearing documents and reports due to the inability to reach colleagues.

Finally, the lack of in-person work is hindering discussions regarding problem solving, generating new ideas, and the simple act of getting to know colleagues. As a supervisor this has proven to be an obstacle to earning trust and confidence. Working by email and video conferencing is impersonal and inefficient compared to in-person interaction.

I sincerely hope you will do all you can to get federal employees in the office full-time in order restore productivity and efficiency to what they were before the pandemic.

I am communicating anonymously to avoid workplace complications. Thank you.



January 2024

FOREIGN INVESTMENTS IN U.S. AGRICULTURAL LAND

Enhancing Efforts to
Collect, Track, and
Share Key Information
Could Better Identify
National Security
Risks

GAO Highlights

Highlights of [GAO-24-106337](#), a report to congressional requesters

Why GAO Did This Study

USDA estimated that foreign investment in U.S. agricultural land grew to approximately 40 million acres in 2021. These investments may have consequences for U.S. national security. For example, there may be foreign ownership of U.S. agricultural land close to sensitive military installations.

CFIUS is an interagency committee that reviews certain foreign transactions to determine potential effects on U.S. national security. These include foreign investments in U.S. agricultural land. In addition, USDA's AFIDA statute, enacted in 1978, requires foreign persons acquiring or transferring agricultural land to file a disclosure form with USDA.

GAO was asked to review foreign investments in U.S. agricultural land. This report examines the extent to which (1) USDA shares information related to foreign investments in U.S. agricultural land with CFIUS for its national security reviews, and (2) USDA's processes enable it to collect, track, and report reliable data on foreign investments in U.S. agricultural land. GAO reviewed laws, regulations, and agency guidance; analyzed USDA data; and interviewed agency officials.

What GAO Recommends

GAO is making six recommendations, including that USDA share detailed and timely AFIDA data with CFIUS agencies, improve the reliability of AFIDA data, and assess its ability to adopt an online submission system and public database. USDA generally agreed with our recommendations.

View [GAO-24-106337](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov or Steve D. Morris at (202) 512-3841 or MorrisS@gao.gov.

January 2024

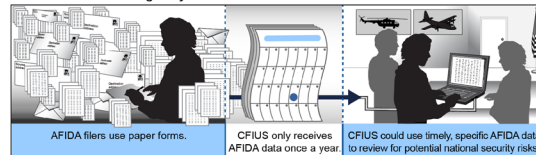
FOREIGN INVESTMENTS IN U.S. AGRICULTURAL LAND

Enhancing Efforts to Collect, Track, and Share Key Information Could Better Identify National Security Risks

What GAO Found

The United States Department of Agriculture (USDA) does not share timely data on foreign investments in agricultural land collected under the Agricultural Foreign Investment Disclosure Act of 1978, as amended (AFIDA). Committee on Foreign Investment in the United States (CFIUS) agencies, including the Department of Defense (DOD) and the Department of the Treasury, identify and review transactions that may pose national security risks, such as the proximity of agricultural land to a sensitive military base. USDA annually publishes selected AFIDA information online that CFIUS agencies may use when considering potential national security risks associated with agricultural land. In addition, USDA officials said they respond promptly when they receive requests for information. However, DOD officials noted they need AFIDA information that is more up-to-date and more specific, and they need to receive this information more than once a year. USDA has requested funding to develop a real-time data system that can be accessed by other U.S. government agencies and the public. Meanwhile, sharing current data could help increase visibility into potential national security risks related to foreign investments in U.S. agricultural land.

AFIDA Data Are Not Regularly Part of CFIUS Reviews



Legend: Agricultural Foreign Investment Disclosure Act of 1978, as amended = AFIDA, the Committee on Foreign Investment in the United States = CFIUS.
Source: U.S. Department of Agriculture regulations and documents and Department of Defense officials; GAO (images). | GAO-24-106337

USDA implements AFIDA across field offices and headquarters, but its processes to collect, track, and report key information are flawed. USDA collects the required data on paper forms with county or federal offices and reviews them for accuracy, according to USDA officials. However, its processes to do so are unclear and challenging to implement. For example, USDA's AFIDA handbook provides limited instructions on how to collect reliable AFIDA information. In addition, although Congress required USDA to create an online submission process and public database for AFIDA data by the end of 2025, USDA does not have plans and timelines to do so, in part because USDA has not received funding. USDA also does not sufficiently verify and conduct quality reviews to track the accuracy and completeness of its collected AFIDA data. GAO's review of AFIDA data current through calendar year 2021 found errors, such as the largest land holding associated with the People's Republic of China being counted twice. USDA has begun efforts to identify AFIDA non-compliance through data mining, according to officials, and has opportunities to expand this practice. But without improving its internal processes, USDA cannot report reliable information to Congress or the public about where and how much U.S. agricultural land is held by foreign persons.

United States Government Accountability Office

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Abbreviations

AFIDA	Agricultural Foreign Investment Disclosure Act of 1978, as amended
CFIUS	Committee on Foreign Investment in the United States
DOD	Department of Defense
FINSA	Foreign Investment and National Security Act of 2007
FIRRMA	Foreign Investment Risk Review Modernization Act of 2018
FPAC-BC	Farm Production and Conservation Business Center
FSA	Farm Service Agency
Treasury	Department of the Treasury
USDA	U.S. Department of Agriculture

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

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Congressional Requesters

Foreign ownership and investment in U.S. agricultural land—which includes farmland, pastures, and forest land—grew to approximately 40 million acres in 2021, a 40 percent increase since 2016, according to the U.S. Department of Agriculture (USDA).¹ Members of Congress have expressed concern that some foreign investment in U.S. agricultural land, such as land purchased near U.S. military bases or land purchases that could lead to foreign control of U.S. food supply chains, may have national security implications. Specifically, in 2022, members expressed concern about a U.S. subsidiary of a business from the People's Republic of China purchasing cropland near Grand Forks Air Force Base in North Dakota, given the use of sensitive drone technology at the base.²

The Committee on Foreign Investment in the United States (CFIUS) is an interagency committee that reviews certain foreign business transactions in the United States, including specific foreign acquisitions of U.S. agricultural land, to determine how transactions may affect national security. CFIUS is chaired by the Department of the Treasury and includes eight other departments and offices as voting members and two agencies as nonvoting, ex-officio members. USDA is not a member, but participates fully as a voting member agency when Treasury determines that a transaction involves agricultural issues, according to officials.³

The information collected through the Agricultural Foreign Investment Disclosure Act of 1978, as amended (AFIDA) is the nation's most comprehensive source on foreign investments in U.S. agricultural land,

¹USDA implementing regulations of the Agricultural Foreign Investment Disclosure Act of 1978, as amended (AFIDA) define agricultural land as land in the United States used for forestry production or land used for farming, ranching, or timber production within the past five years that is (1) more than ten acres in size in the aggregate, or (2) ten acres or less in the aggregate producing gross annual receipts of more than \$1,000 from the sale of farm, ranch, or timber products in total. 7 C.F.R. § 781.2(b).

²In September 2022, 51 members of Congress sent a letter to the secretaries of the Departments of Defense, the Treasury, and Agriculture expressing concerns about this purchase.

³See 50 U.S.C. § 4565(k)(2). Additional voting members include the Departments of Commerce, Defense, Energy, Homeland Security, Justice, and State; the Office of the U.S. Trade Representative; and the Office of Science and Technology Policy. Various other offices also observe and, as appropriate, participate in CFIUS activities.

according to USDA officials. AFIDA requires foreign persons acquiring or transferring agricultural land to report information about the transaction to USDA.⁴ USDA publishes an annual report of AFIDA data, including the number of acres owned, by state and county, and the country of the foreign investor. Government agencies, media, and academic researchers, among others, use published AFIDA data to track foreign agricultural investment in the United States. In addition, some state laws incorporate AFIDA data into measures to monitor and enforce restrictions on foreign investment in U.S. agricultural land.⁵ However, during a March 2023 congressional hearing, the Secretary of Agriculture explained that USDA is reliant on foreign persons to self-report AFIDA information. The Secretary noted self-reporting is challenging to enforce because deeds are filed in over 3,000 county recorder offices. In September 2023, another USDA official noted that USDA cannot locate AFIDA filings beyond the county level, such as specific localities, and there is currently no system which tracks deeds or leases of agricultural land.

You asked us to review foreign investment in U.S. agricultural land. This report examines the extent to which (1) USDA shares information related to foreign investments in U.S. agricultural land with CFIUS for its national security reviews, and (2) USDA's processes enable it to collect, track and report reliable data on foreign investment in U.S. agricultural land. This

⁴Pub. L. No. 95-460, § 2(a), 92 Stat 1263, 1263 (codified at 7 U.S.C. § 3501(a)).

⁵For example, both Pennsylvania and South Dakota have laws that restrict foreign investment in their states' agricultural land. These laws require their state agricultural departments to review AFIDA filings and to refer filings suspected of noncompliance to their state attorney general for investigation. E.g., 68 Pa. Stat. Ann. § 45, S.D. Codified Laws § 43-2A-7.

report adds to a series of reports that we have published related to CFIUS processes for reviewing foreign investments.⁶

To address these objectives, we reviewed relevant laws, executive orders, and regulations. To examine the extent to which USDA shares information related to foreign investments in U.S. agricultural land with CFIUS for its national security reviews, we reviewed documents from the Department of the Treasury (Treasury), USDA, and DOD to understand (1) CFIUS's process and (2) Treasury's, DOD's, and USDA's individual processes for reviewing potential national security risks related to foreign investments and identifying transactions for potential CFIUS review. We also evaluated information on Treasury's, DOD's, and USDA's efforts to share information in addition to potential challenges these agencies have faced in doing so.

To examine USDA's processes to collect, track and report foreign investments in U.S. agricultural land, we reviewed the Farm Service Agency's (FSA) AFIDA handbook to learn about AFIDA responsibilities and guidance for county, state, and headquarters offices.⁷ FSA works in collaboration with the Farm Production and Conservation Business Center (FPAC-BC), which was created in 2018, to implement AFIDA. In addition, we conducted interviews with a non-generalizable sample of three state offices and three county offices to better understand how FSA state and county offices were fulfilling their AFIDA responsibilities. Further, we conducted interviews with USDA officials responsible for managing AFIDA to get their perspectives on implementing AFIDA and the associated challenges. Moreover, we assessed the reliability of AFIDA data by reviewing reported active holdings by foreign persons

⁶Among others, we published four related reviews of, respectively, (1) CFIUS processes related to selected real estate transactions; (2) DOD's ability, as a member of CFIUS, to address defense issues; (3) CFIUS processes for reviewing covered transactions and workload challenges; and (4) DOD's ability to identify whether foreign encroachment threatens certain defense facilities. See *Committee on Foreign Investment in the United States: Selected Transactions Involving Real Estate May Share Certain National Security Risks, but Dispositions Can Vary Due to Case-Specific Factors*, [GAO-19-417C](#) (Washington, D.C.: June 14, 2019); *Committee on Foreign Investment in the United States: Action Needed to Address Evolving National Security Concerns Facing the Department of Defense*, [GAO-18-494](#) (Washington, D.C.: July 10, 2018); *Committee on Foreign Investment in the United States: Treasury Should Coordinate Assessments of Resources Needed to Address Increased Workload*, [GAO-18-249](#) (Washington, D.C.: Feb. 14, 2018); *Defense Infrastructure: Risk Assessment Needed to Identify If Foreign Encroachment Threatens Test and Training Ranges*, [GAO-15-149](#) (Washington, D.C.: Dec. 16, 2014).

⁷USDA, *FSA Handbook: Foreign Investment Disclosure*, 1-AFIDA (Washington, D.C., revised Jan. 27, 2006).

since AFIDA started being implemented to the end of 2021—the latest year of data available from the AFIDA spreadsheet at the time of our review. We also evaluated AFIDA data against reported summary data in USDA's 2021 AFIDA Annual Report and the presentation of these data in the report. Appendix I provides more information on our scope and methodology.

We conducted this performance audit from October 2022 to January 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

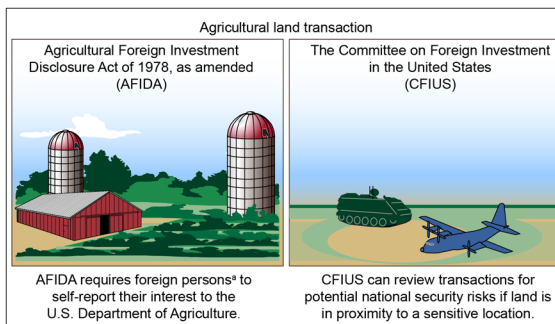
Background

U.S. Government Oversight of Foreign Investment in U.S. Agricultural Land

Foreign persons may be subject to U.S. government oversight from USDA and CFIUS when they acquire an interest in U.S. agricultural land.⁸ See figure 1 for an overview of U.S. government oversight of foreign investment in U.S. agricultural land.

⁸According to AFIDA regulations, a foreign person can be a foreign individual, legal entity, or government. 7 C.F.R. § 781.2(g). In addition, a domestic legal entity in which at least ten percent is held directly or indirectly by a foreign individual, legal entity, or government, is also considered a foreign person. 7 C.F.R. § 781.2(k).

Figure 1: Examples of U.S. Government Oversight of Foreign Investment in U.S. Agricultural Land



Sources: GAO analysis of 7 C.F.R. part 781 and 31 C.F.R. part 802; GAO (images). | GAO-24-106337

*According to AFIDA regulations, a foreign person can be a foreign individual, legal entity, or government. 7 C.F.R. § 781.2(g). A foreign interest of 10 percent or more in U.S. agricultural land requires an AFIDA disclosure. 7 C.F.R. § 781.2(g)(4), (k).

CFIUS

CFIUS Legal Authorities

CFIUS is an interagency committee authorized by law to review and address national security risks arising from certain transactions involving foreign investment in the United States.⁹ CFIUS reviews foreign investment transactions in the United States across industries and sectors, including certain agricultural land transactions, to determine whether they present a risk to national security. Transactions within CFIUS's authority to review are generally referred to as "covered" transactions. The Foreign Investment and National Security Act of 2007 (FINSA) defined these transactions to include certain mergers, acquisitions, or takeovers by or with any foreign person that could result in foreign control of any person engaged in interstate commerce in the United States. FINSA, as amended and codified, provides several factors to consider when determining whether a covered transaction posed a national security risk, including whether the transaction could result in the

⁹See 50 U.S.C. § 4565.

control of a U.S. business by a foreign government.¹⁰ FINSA also enabled the President or CFIUS to consider other factors as appropriate. These factors could encompass elements of the agriculture industrial base that have implications for food security (for a full list of potential factors, see app. II).¹¹

CFIUS legal authorities have evolved over time.¹² The most recent significant statutory update to CFIUS authority occurred in 2018 with the enactment of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA).¹³ FIRRMA expanded CFIUS's authority to review potential national security risks related to U.S. businesses and real estate transactions.¹⁴ CFIUS may review voluntary filings by businesses, including those in the agricultural industry, and purchases, leases, or

¹⁰See Pub. L. No. 110-49, §§ 2, 4 (as amended and codified, in part, at 50 U.S.C. §§ 4565(a)(7), (b)(1)(B)).

¹¹See Pub. L. No. 110-49, § 4. See also 50 U.S.C. § 4565(f)(11). On September 15, 2022, the President issued an executive order that highlights certain national security factors that CFIUS is required to consider in reviewing investment transactions, including elements of the agriculture industrial base that have implications for food security, but does not otherwise change CFIUS's authorities or jurisdiction. See Exec. Order. No. 14,083, 87 Fed. Reg. 57,369 (Sept. 15, 2022).

¹²CFIUS was established by Executive Order in 1975 to monitor the effect of and to coordinate U.S. policy on foreign investment in the United States. Exec. Order No. 11,858, 40 Fed. Reg. 20,263 (May 7, 1975). In 1988, Congress enacted the Exon-Florio amendment adding section 721 to the Defense Production Act of 1950, which authorized the President or the President's designee to investigate the effect of certain foreign acquisitions of U.S. companies on national security and to suspend or prohibit acquisitions that might threaten to impair national security. Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 5021, 102 Stat. 1425 (Aug. 23, 1988). The President delegated this investigative authority to CFIUS. Exec. Order No. 12,661, 54 Fed. Reg. 779 (Dec. 27, 1988). The Foreign Investment and National Security Act of 2007 further amended section 721 and formally established CFIUS in statute. Pub. L. No. 110-49, § 3, 121 Stat. 246, 252 (July 26, 2007) (codified as amended at 50 U.S.C. § 4565).

¹³John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232, §§ 1701-1728, 132 Stat. 1636, 2173-2208 (Aug. 13, 2018) (codified as amended at 50 U.S.C. § 4565).

¹⁴"Covered transactions" are further defined through regulations found at 31 C.F.R. part 800 for investments (including "covered control transactions"), and "covered real estate transactions" are determined through regulations found at 31 C.F.R. part 802. See 31 C.F.R. § 800.101 (describing the scope of parts 800 and 802). 31 C.F.R. part 802 may cover agricultural land if a transaction meets the "covered real estate transaction" criteria. See 31 C.F.R. § 802.212. The law also provides an exception for certain real estate transactions involving real estate in "urbanized areas" or if it constitutes a single "housing unit," as defined by the Census Bureau in each case. See 50 U.S.C. § 4565(a)(4)(C)(i).

	<p>concessions of real estate (including agricultural land) in close proximity to military or other sensitive U.S. government facilities.¹⁵</p> <p>Informed by the committee's review, the President of the United States has the authority to suspend or prohibit a transaction that threatens to impair the national security of the United States.¹⁶ According to the 2022 CFIUS annual report, five presidential decisions have been issued since 2013, most recently in 2020.¹⁷</p>
CFIUS Member and Non-member Roles and Responsibilities	<p>CFIUS's responsibilities include: (1) reviewing transactions, most of which are voluntarily submitted by businesses, and taking action as necessary to address any national security risks; (2) monitoring and enforcing compliance with mitigation measures; and (3) identifying transactions of concern that have not been submitted to CFIUS for review, according to officials. The Secretary of the Treasury has certain operational responsibilities as the chair of CFIUS. According to Treasury officials, these responsibilities include coordinating committee operations, helping collect information from parties involved in a transaction (such as a foreign acquirer and U.S. business involved in a transaction), and distributing filed information to all member agencies. Treasury also communicates on the committee's behalf with the parties, members of Congress, and the general public. According to DOD officials that we interviewed, when transactions of concern involve agricultural land, Treasury, DOD, and USDA are the agencies most actively involved in identifying and reviewing the transactions for CFIUS.</p>
CFIUS Submission Requirements	<p>CFIUS is the main authority that reviews national security risks relating to certain foreign investments, including those in agricultural land, according</p>

¹⁵"Close proximity" is defined as the area that extends outward one mile from the boundary of a relevant U.S. government site. 31 C.F.R. § 802.203. Regulation defines "extended range" as the area that extends 99 miles outward from the outer boundary of close proximity of certain military installations. 31 C.F.R. § 802.217. See 31 C.F.R. pt. 802, app. A (listing relevant military installations and other U.S. government sites).

¹⁶See 50 U.S.C. § 4565(d)(1).

¹⁷U.S. Department of the Treasury, Committee on Foreign Investment in the United States, *Annual Report to Congress: Report Period CY 2022* (2022). Accessible at <https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius/cfius-reports-and-tables> (accessed on July 30, 2023). Data do not specify whether these decisions related to agricultural land.

to Treasury and DOD officials.¹⁸ CFIUS reviews formal written notices ("notices") that have been submitted (or "notified") to the committee by parties to transactions. Notices to CFIUS should contain information about the nature of the transaction and the parties involved. They include voluntary filings by U.S. businesses, including those in the agricultural industry, and voluntary filings by foreign investors of real estate (including agricultural land) in proximity to military or other sensitive locations.¹⁹

Mandatory filing requirements do not necessarily extend to CFIUS transactions involving agricultural land.²⁰ Only certain transactions related to U.S. businesses involved with critical technology, critical infrastructure, and sensitive personal data require a mandatory CFIUS filing.²¹

According to CFIUS's 2022 report, apart from certain transactions that are subject to the mandatory filing requirement authorized under FIRRMA, parties voluntarily submit declarations or notices of transactions to CFIUS. However, in general, any CFIUS member agency can initiate a review of any covered transaction for which no notice was filed if it determines that the transaction is within the Committee's jurisdiction and that it may raise national security risks. CFIUS refers to these as "non-notified transactions." By contrast, notified transactions include those voluntarily filed in accordance with CFIUS's formal notice procedures, as well as transactions submitted for review in abbreviated notifications ("declarations").²² All CFIUS reviews are confidential and protected by statute from public disclosure.²³

CFIUS Process for Reviewing Transactions

CFIUS reviews each transaction individually, focusing on the aspects of the transaction that could pose a potential national security risk. See

¹⁸In addition to CFIUS, DOD's Military Aviation and Installation Assurance Siting Clearinghouse aims to protect DOD's mission capabilities from incompatible energy development by collaborating with external stakeholders to prevent, minimize, or mitigate adverse impacts on military training, testing, and readiness. According to DOD officials, this development could involve domestic or foreign entities.

¹⁹See 31 C.F.R. § 800.211 (defining "covered real estate" to include locations within close proximity to identified military facilities, locations within the extended range of certain military facilities, and any county or other geographic area identified in connection with identified installations).

²⁰See Pub. L. No. 115-232, § 1706.

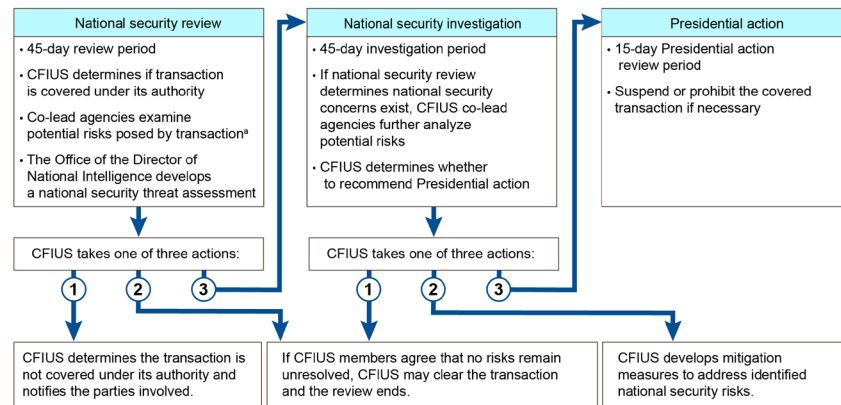
²¹See 31 C.F.R. § 800.401.

²²See 31 C.F.R. §§ 800.403, 800.501, 802.401, and 802.501.

²³50 U.S.C. § 4565(c).

figure 2 for an overview of the steps that comprise the CFIUS process for reviewing notified transactions.

Figure 2: Overview of Process for Reviewing Transactions Notified to the Committee on Foreign Investment in the United States (CFIUS)



Source: GAO analysis of Treasury documents and 50 U.S.C. § 4565; GAO (images). | GAO-24-106337

Note: This process is described in greater detail in 50 U.S.C. §§ 4565(b), (d).

*For each transaction reviewed, the committee identifies agencies with relevant expertise to act as co-lead with Treasury to guide the transaction through the CFIUS process. According to Treasury officials, co-lead agencies may include agencies that are not members of the committee, but which can act as members for specific transactions.

Notified transactions. During its initial review—known as a national security review—CFIUS determines whether the transaction is covered by its legal authorities and therefore within its jurisdiction. If the transaction is within its jurisdiction to review, CFIUS assesses whether it poses risks to national security. The committee generally also identifies at least one other agency with relevant expertise to work with Treasury to guide the

transaction through the CFIUS process.²⁴ In addition, the Office of the Director of National Intelligence develops a national security threat assessment.

If CFIUS finds that the covered transaction does not present national security risks or that other provisions of law provide adequate and appropriate authority to address the risks, CFIUS may end its review. However, if the potential risks remain unresolved at the end of the review period or the committee requires additional time, CFIUS may initiate a national security investigation.

If CFIUS identifies an unresolved national security risk, CFIUS may work with the transaction parties as appropriate to mitigate the potential risk. Mitigation may include ensuring that only authorized persons have access to certain information or facilities. It may also involve the parties providing the U.S. government the right to review certain business decisions and to object if the decisions raise national security concerns.

CFIUS clears a transaction if it determines during its review or investigation period that, as appropriate, (1) the transaction does not pose any unresolved national security risks, (2) any national security risks are adequately addressed by other laws, or (3) mitigation measures that CFIUS agreed to or imposed resolve any national security risks. However, if any national security risks remain unresolved after the investigation, CFIUS may refer the transaction to the President for action unless the transaction parties decide to withdraw the filing and abandon the transaction. The President has the authority to suspend or prohibit a transaction, including by requiring that the foreign party divest itself from the U.S. entity.²⁵

According to the CFIUS 2022 annual report, CFIUS conducted national security reviews for 286 notified transactions in 2022. Of those, 285 were

²⁴According to Treasury officials, co-lead agencies may include agencies, such as USDA, that are not standing members of the committee, but which can act as members for specific transactions because of their relevant expertise.

²⁵Congress directed that this authority can be invoked only when, in the President's judgment, no law other than section 721 of the Defense Production Act of 1950, as amended, and the International Emergency Economic Powers Act provides adequate and appropriate authority to protect national security, and when there is credible evidence that the foreign person acquiring an interest might take action that threatens to impair the national security. See 50 U.S.C. § 4505(d)(4). According to CFIUS, a foreign acquirer may agree to divest itself of all or part of a U.S. company in lieu of a referral to the President. Divestment typically occurs through the parties' withdrawing the notice and abandoning the transaction.

filed as investment-related transactions and one was filed as a real estate-related transaction. CFIUS conducted subsequent national security investigations on 162 of the 286 notices and concluded action after adopting mitigation agreements to resolve national security concerns with respect to 41 notices. In 2022 there were no presidential decisions issued and CFIUS rejected one notice.

Non-notified transactions. CFIUS used various methods to identify non-notified transactions in 2022. These included interagency referrals, tips from the public, media reports, commercial databases, and congressional notifications, according to CFIUS's 2022 report. The report stated that CFIUS identified and formally considered 84 non-notified transactions, 11 of which resulted in a request to the parties to file the transaction with CFIUS in 2022.²⁶

If CFIUS believes that a non-notified transaction may be covered and raise national security considerations, CFIUS may request that the parties submit relevant information about the transaction and then, if applicable, file a notice.²⁷ However, should the parties decline to file a notice after CFIUS requests they do so, any CFIUS member agency may file an agency notice to initiate a review of the transaction.²⁸

Agricultural Foreign Investment Disclosure Act of 1978, As Amended (AFIDA)

AFIDA Statute

AFIDA, enacted in 1978, requires foreign persons and legal entities acquiring or transferring an interest in U.S. agricultural land to submit a report to USDA containing information on the transaction, the land, and the parties involved. Under AFIDA as originally enacted, USDA was charged with determining the effects of these transactions, particularly on family farms and rural communities. AFIDA also grants USDA authority to take actions to monitor compliance and to assess financial penalties for non-filers.

²⁶Committee on Foreign Investment in the United States, *Annual Report to Congress: CY 2022*.

²⁷See 31 C.F.R. §§ 800.501, 802.501.

²⁸50 U.S.C. § 4565(b)(1)(D).







	<p>Four months prior to the enactment of AFIDA, we reported that there was unanimous agreement from government and the private sector that there was no reliable data on the amount of foreign-owned U.S. farmland.²⁹ At that time, some surveyed states were concerned that foreign investment in farmland might drive up farm prices beyond the reach of residents, result in foreign control over food production and possibly food prices, or adversely affect small family farms. We determined the most feasible and simplest approach for collecting these data was a federal effort to require foreign landowners to self-report their investments. However, we reported that the usefulness of such a system would depend on the completeness of the information collected.</p>
Foreign Persons under AFIDA	<p>According to AFIDA regulations, a foreign person is defined as a foreign individual, legal entity, or government. In addition, a domestic entity in which at least 10 percent is held directly or indirectly by a foreign individual, legal entity, or government is also considered a foreign person. Foreign persons are required to file a disclosure form with USDA if they acquire, transfer, or hold an interest in U.S. agricultural land, including leases that are for at least 10 years.³⁰ Foreign persons are not required to file a report for short-term leases that are for less than 10 years.</p>
AFIDA Forms	<p>Foreign persons that invest in U.S. agricultural land are required to file a paper FSA-153 form (also known as the AFIDA form) disclosing details of the transaction. Specifically, filers are required to provide information about investors and the land, such as its acreage, land use, and value. These forms are required for acquisitions, dispositions, and land use changes.</p>
USDA Roles and Responsibilities	<p>USDA roles and responsibilities related to AFIDA filing are distributed across USDA's county, state, and federal offices. AFIDA forms can be filed with the FSA county office where the agricultural land is located or USDA headquarters for complex filings. At USDA headquarters, the Farm Production and Conservation Business Center (FPAC-BC) is responsible for managing AFIDA, including maintaining the AFIDA spreadsheet and</p>

²⁹GAO, *Foreign Ownership of U.S. Farmland: Much Concern, Little Data*, CED-78-132 (Washington, D.C.: June 12, 1978).

³⁰AFIDA regulations also require filings when foreign held land use changes from agriculture to non-agriculture. Exemptions from AFIDA filings include security interests, contingent future interests, easements for purposes unrelated to agricultural production, and interests solely in mineral rights. 7 C.F.R. § 781.2(c).

overseeing USDA's AFIDA policy, according to USDA officials.³¹ For example, FPAC-BC is responsible for updating the FSA-153 form and AFIDA guidance. FSA state offices oversee the efforts of their county offices and provide technical assistance, as needed. Figure 3 shows the different USDA offices with AFIDA responsibilities.

Figure 3: U.S. Department of Agriculture (USDA) Offices with Agricultural Foreign Investment Disclosure Act of 1978, As Amended (AFIDA) Responsibilities

	USDA headquarters: Six officials in Farm Production and Conservation – Business Center work primarily on AFIDA.	 Receives forms Maintains database
	FSA state offices: State executive directors in every state and territory oversee efforts by county offices, including AFIDA, as needed.	 Conduct oversight
	FSA county offices: County executive directors and county committees in 2,427 counties carry out AFIDA responsibilities, among other tasks.	 Receive forms

Legend: Agricultural Foreign Investment Disclosure Act of 1978, as amended = AFIDA; Farm Service Agency = FSA.
Source: U.S. Department of Agriculture (USDA) documents and officials; GAO (images). | GAO-24-106337

AFIDA Reporting

AFIDA originally directed the Secretary of Agriculture to analyze AFIDA data and issue annual reports until Congress repealed that requirement in 1998.³² However, USDA has continued to issue public annual reports summarizing AFIDA data. Specifically, the summary data includes the number of acres owned—by state, county, type of agricultural land, and country of foreign investor. According to the 2021 report, the most recent report available at the time of our review, the countries with the largest foreign holdings of U.S. agricultural land are Canada (approximately 13 million acres or 31.5 percent), the Netherlands (approximately 5 million acres or 11.9 percent), and Italy (approximately 3 million acres or 6.6

³¹According to USDA officials, the AFIDA Excel spreadsheets posted online are developed from an AFIDA Microsoft Access database.

³²The Federal Reports Elimination Act of 1998, Pub. L. No. 105-362, § 101(f), 112 Stat. 3280, 3281, repealed section 5 of AFIDA, which had required USDA to annually report to the President and Congress its findings and the conclusions of its analysis on the effects of AFIDA transactions, as well as the effectiveness and efficiency of AFIDA reporting requirements, Pub. L. No. 95-460, § 5, 92 Stat. 1263, 1265-1266 (1978).

percent). In addition, forest land accounts for nearly half of all reported foreign holdings, according to the report. Our analysis of AFIDA data found that 54 percent of foreign holdings are for types of interest other than direct ownership, such as long-term leases.

When analyzing AFIDA data for its annual reports, USDA focuses on economic outcomes, such as the effect of foreign investments on local land values. The reports do not include analysis related to national security risks. AFIDA also requires USDA to transmit copies of the filings submitted by foreign persons and legal entities to each state department of agriculture (i.e., state government, not USDA's FSA state offices) that includes transactions that occurred in their state.

CFIUS Review Does Not Regularly Include AFIDA Information Related to Foreign Investments in Agricultural Land

CFIUS and Agency Reviews of Agricultural Land Transactions Focus on Potential National Security Risks

CFIUS

When identifying non-notified transactions for CFIUS's review, CFIUS and its member agencies focus on transactions that may pose potential national security risks, such as the proximity to a sensitive military base, according to Treasury and DOD officials.³³ In some cases, CFIUS may also rely on non-members, such as USDA, for relevant knowledge and expertise. CFIUS reviews each transaction individually, focusing on the aspects of the transaction that could pose a potential national security risk. If, during the national security investigation, CFIUS identifies an

³³See, e.g., 50 U.S.C. § 4565(a)(4)(B)(ii)(II)(bb)(AA). As discussed above, non-notified means that a transaction has not been notified to CFIUS for review.

DOD

unresolved national security risk, it may work with the parties involved as appropriate to mitigate the potential risk.

CFIUS may choose to initiate a review of a non-notified transaction that a CFIUS member agency has reason to believe is a covered transaction and may raise national security concerns. CFIUS used various methods to identify these non-notified transactions, including interagency referrals, tips from the public, media reports, commercial databases, and congressional notifications, according to the 2022 CFIUS annual report.³⁴ The report states that non-notified transactions remain among the most complicated that CFIUS considers, and these cases often require mitigation measures to address national security risks.

The national security risks around foreign investments in agricultural land relate to proximity to certain military installations, according to DOD officials with CFIUS responsibilities. CFIUS may review voluntary filings by parties to transactions of purchases, leases, or concessions of real estate (including agricultural land) in proximity to military or other sensitive U.S. government facilities.³⁵

DOD has a specific team to identify non-notified transactions that may warrant a CFIUS review.³⁶ This team scans proprietary databases and publicly reported transactions and determines whether a selected transaction may be covered under CFIUS authorities and if it may raise national security risks. According to Treasury and DOD officials, if both conditions are met, DOD recommends to the committee that CFIUS request additional information about the transaction and, if warranted, a filing.

In addition, DOD has drafted guidance for foreign investments in agricultural land in proximity to military installations that may pose national security risks, according to DOD officials. The Department of the Air Force has developed the Playbook for Foreign Investment Assessments Proximate to Military Equities, which was tentatively scheduled for release in October 2023, to identify and review national security risks related to foreign investments in agricultural land near Air

³⁴Committee on Foreign Investment in the United States, *Annual Report to Congress: CY 2022*.

³⁵See 50 U.S.C. §§ 4565(a)(4)(C), (b)(1)(C).

³⁶In response to our prior work, DOD revised its CFIUS policy to include additional guidance and responsibilities for identifying non-notified transactions. See [GAO-18-494](#).

Force installations. According to Air Force officials, the playbook is intended to educate military and civilian stakeholders about the CFIUS process and help mitigate any potential national security risks before the CFIUS process begins. It will include guidance for the Department of Air Force, local municipalities, and buyers and sellers of land to consider when reviewing potential risks to Air Force installations from foreign investments in land or businesses near Air Force installations. In addition, it will include questions about who is involved in the sale and acquisition of the land; the type and location of the land; whether the target property location provides a unique or direct line of sight to a military installation; and specific sensitivities, vulnerabilities, and potential consequences for the installation if a foreign adversary were to collect information.

DOD works with stakeholders to help identify sensitive facilities and installations which may be affected by foreign transactions of agricultural land. Agricultural land transactions within 100 miles of certain listed sites are generally considered covered for CFIUS's review. Since March 2023, DOD's Office of the Secretary of Defense has coordinated a working group of military services and other stakeholders. If necessary, this group meets quarterly to discuss additions to the list of sensitive installations and broader updates to the regulations addressing CFIUS coverage for real estate transactions. Effective in September 2023, Treasury, in coordination with DOD, updated the CFIUS list of military installations to include 242 sites (from 234 initial sites).³⁷ As a result of the working group, DOD officials have also discussed ways to update and improve CFIUS's understanding of risks associated with real estate coverage, including agricultural land. DOD officials said they plan to submit a new list of covered military installations to Treasury and the other CFIUS members by the end of 2023. The approval and recognition of these new installations require a regulatory update. Any changes to the list of installations should be issued for public comment.

DOD also has teams to determine national security risks for notified transactions undergoing CFIUS review. If DOD determines a risk exists, DOD officials conduct an analysis of those risks and consider whether mitigation measures are needed. In addition, officials request a national security investigation through the CFIUS chair. If DOD determines a risk does not exist, DOD informs the CFIUS chair of its determination.

³⁷Provisions Pertaining to Certain Transactions by Foreign Persons Involving Real Estate in the United States, 88 Fed. Reg. 57,348 (Sept. 22, 2023) (to be codified at 31 C.F.R. pt. 802, app. A).

USDA	<p>USDA is not a member of CFIUS, but participates fully as a voting member agency when Treasury determines that a transaction involves agricultural issues, according to officials. While USDA reviews CFIUS notified transactions, there is no requirement in CFIUS law or policy for USDA to identify CFIUS non-notified transactions independently. However, USDA's Office of Homeland Security—its office responsible for coordinating with CFIUS agencies on national security issues—reviews media and other open source information to identify non-notified cases. These cases include foreign acquisition of agricultural land, according to the official that coordinates CFIUS efforts. In addition, according to officials, USDA reviewed summary information of all CFIUS cases between October 2022 and May 2023 to identify potential national security risks related to agricultural land and other agricultural sectors.³⁸ Based on the office's review of these cases, it identified certain cases for which it requested to be co-lead or otherwise actively involved in the reviews. USDA has been actively involved in reviewing all transactions involving agricultural land, according to Treasury officials.</p>
Treasury	<p>Treasury officials noted that since Treasury does not have any agency-specific involvement related to agricultural land, its approach to identifying these non-notified transactions are generally limited to representing CFIUS's interests. The officials said all member agencies are responsible for protecting national security, and agencies generally identify transactions related to their agency areas of interest and expertise. Acting as a voting member, Treasury reviews transactions for potential national security risks, according to officials. In addition, as chair, Treasury manages the administrative process, helps collect information from parties involved in a transaction, and reviews information submitted by other agencies, according to officials. Accordingly, Treasury relies on DOD and other CFIUS members to collect and relay relevant information, including about non-notified transactions related to foreign investments in agricultural land. In addition, Treasury relies on non-members like USDA for any relevant knowledge, if applicable.</p>

³⁸According to USDA officials, they began receiving this information because the Secretary of Agriculture expressed concern to the Secretary of the Treasury that USDA was not reviewing all cases that may consider agricultural interests. In response, Treasury officials agreed to have a trial period in which USDA reviews all CFIUS cases. USDA officials were not certain whether USDA would continue this trial in fiscal year 2024. Treasury officials confirmed that USDA received CFIUS summaries of all cases during this timeframe and said they value USDA's expertise and view them as an important contributor to the committee.

Although DOD, USDA, and Treasury officials may pursue and submit cases to CFIUS regarding foreign investments in agricultural land, all three agencies track their CFIUS submissions in aggregate, rather than by type of business or real estate acquired. CFIUS and relevant agencies are not required by CFIUS law or policy to specifically track or label transactions related to agricultural land, according to DOD, USDA, and Treasury officials. About 2,600 covered transactions were notified to CFIUS in calendar years 2013 through 2022, according to the CFIUS 2022 annual report.³⁹ Officials could not identify how many of the transactions definitively related to agricultural land. Nevertheless, DOD officials noted that cases involving foreign investments in agricultural land represent a small percentage of total CFIUS transactions.

Although officials identified a subset of cases related to agricultural land and provided us with relevant information on selected CFIUS-reviewed transactions for calendar years 2013 through 2023, they told us that these case files may exclude certain relevant transactions. These case files may also include transactions outside the scope of this review, such as transactions that deal with foreign investments in agricultural supply chains or other foreign investments in agriculture that do not specifically involve the transfer of land, according to officials.

CFIUS annual reports have provided cumulative and trend information on the business sectors and subsectors involved in certain covered transactions, using North American Industry Classification System (NAICS) codes. Some sectors are potentially relevant to agricultural land, including the agriculture, forestry, fishing and hunting sector and the crop production subsector.⁴⁰ However, NAICS codes do not comprehensively encompass real estate transactions—which may include covered agricultural land—and the codes are provided by parties to the transactions.

³⁹Committee on Foreign Investment in the United States, *Annual Report to Congress – Calendar Year 2022*.

⁴⁰In this report, industry sectors and subsectors are defined using 2012 and 2017 NAICS codes of the U.S. target company. Whenever possible, the NAICS code assigned to each U.S. target company is based upon information provided by the parties. If no NAICS code was provided, CFIUS determined the most appropriate NAICS code using publicly available information.

AFIDA Information Is Not Regularly Shared on a Timely Basis with CFIUS

We found that USDA does not regularly share AFIDA data with CFIUS agencies on a timely basis to be useful for CFIUS reviews. USDA releases its annual report online. However, according to DOD officials, they need to receive AFIDA information more than once a year, and they need information that is more up-to-date and more specific to help them identify relevant non-notified transactions and consider potential national security risks.

DOD officials told us that the information AFIDA requires USDA to collect, such as names of foreign owners and when the land was transferred or acquired, could help DOD identify relevant non-notified transactions for CFIUS to review and would enable the committee to conduct timely and thorough reviews of such transactions. DOD officials stated that it is very difficult to identify relevant non-notified transactions for CFIUS because DOD does not have a single database of real estate transactions that may potentially involve DOD interests. As a result, they must search the website of each municipality, rather than look for this information in one place, according to DOD officials. Air Force officials also told us that information from AFIDA disclosures, such as whether a party has filed a disclosure, who filed it, and when it was filed, could improve CFIUS's ability to identify cases and investigate the ownership structure of foreign investments. Treasury officials noted that it would be helpful to have data such as the identity of the foreign owner, their country of origin, and status of their U.S. residency or citizenship, as well as more details about the nature of the transaction.

FPAC-BC, the USDA office responsible for AFIDA data, shares some AFIDA information with other federal agencies and the public. For example, in March 2023, according to USDA officials, FPAC-BC shared a presentation about AFIDA with DOD officials interested in holdings by the People's Republic of China. USDA also provided supplemental data regarding AFIDA holdings in a specific U.S. location and a listing of all company holdings across the United States. According to USDA officials, they respond promptly when they receive requests.

USDA provides selected AFIDA information on an annual basis in a report online, but the information is not specific and is not timely to be useful for CFIUS reviews. Each year, FPAC-BC publishes a *Foreign Holdings of U.S. Agricultural Land* report on its website, based on selected data collected from FSA-153 forms submitted pursuant to the AFIDA reporting requirement. The report includes aggregated information for U.S. states and counties. However, it does not include other information collected by USDA, such as detailed ownership information,

country affiliations of all foreign investors, and locations of individual agricultural land transactions. In addition, USDA officials told us that for calendar year 2023, they have been keeping a real-time log of AFIDA filing activity for investors from the People's Republic of China, Russia, Iran, and North Korea. USDA plans to include this information in its 2023 AFIDA Annual Report.⁴¹

Further, in June 2023, FPAC-BC posted AFIDA transaction data for calendar years 2010 through 2021 on its website.⁴² In contrast to the annual *Foreign Holdings of U.S. Agricultural Land* report, these data include transaction-level data. For example, they include some information collected on the FSA-153 forms, such as the primary investor in the transaction (the person or legal entity that holds the deed or lease).⁴³ However, the primary investor may be one of multiple ownership tiers. That is, the primary investor may be owned by one or more other entities, each of which may also be owned by multiple entities. AFIDA data only include the first ownership tier; they do not include ownership information for the second and third ownership tiers beyond the primary investor, which USDA requires foreign persons to submit.

In addition, as of November 2023, the USDA office responsible for AFIDA had not posted AFIDA transaction data for calendar year 2022 online, nor had it shared this information with relevant CFIUS member agencies. While USDA has posted selected AFIDA data online through calendar year 2021, USDA officials told us in September 2023 that they could share these data more regularly through a web-based collaborative platform, such as SharePoint. USDA has requested funding to develop a

⁴¹In a joint explanatory statement outlining committee priorities for the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, 136 Stat. 49, Congress directed USDA to submit a report regarding data on foreign-owned agricultural land trends including land owned, or partially owned, by the governments of China, Russia, Iran, or North Korea over the past decade and projections for the next decade based on previous trends, and the potential impacts on the American agricultural sector, food security, and rural economies. H. Comm. Print 47-047, 117th Cong.

⁴²Accessible at <https://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/afida/agricultural-foreign-investment-disclosure-act-afida/index> (accessed on January 4, 2024). USDA's most recent AFIDA annual report was published in December 2023, as of January 2024.

⁴³Accessible at <https://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/afida/agricultural-foreign-investment-disclosure-act-afida/index> (accessed on October 11, 2023.)

real-time data system that can be accessed by other U.S. government agencies and the public.

In January 2024, in reviewing a draft of this product, USDA officials stated that when their headquarters office receives AFIDA filings from investors from the People's Republic of China, Russia, Iran, or North Korea, they share the complete files with DOD and the Federal Bureau of Investigation. However, they noted that USDA cannot effectively share data early in the process except through a manual process of scanning and e-mailing AFIDA forms. Officials emphasized the need for sufficient funding for an online filing portal to share timely data with DOD and other agencies.

DOD officials were not aware that USDA had posted the AFIDA transaction data online. DOD officials that identify non-notified cases said they have a good working relationship with USDA, and the two agencies often share referrals of agriculture-related transactions. In addition, they noted that the online data could provide useful information for identifying CFIUS cases related to agricultural land because DOD may not be able to identify these cases otherwise. But other DOD officials that review notified cases involving agricultural land told us that CFIUS could not legally review most of the transactions listed in the online AFIDA data, because CFIUS only has authority to review applicable real estate cases with proximity to sensitive military installations after 2019. More up-to-date information could help CFIUS and DOD more quickly mitigate potential national security risks associated with agricultural land.

Federal internal control standards state that management should communicate quality information (1) internally down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system, and (2) externally through reporting lines so that external parties can help the entity achieve its objectives and address related risks.⁴⁴

As we have previously reported, if parties to a covered transaction do not voluntarily notify CFIUS, and CFIUS does not independently discover the transaction and initiate a review, potential risks to national security could go undetected.⁴⁵ By sharing timely and more detailed AFIDA data, such

⁴⁴Principles 14 and 15. Standards for Internal Control in the Federal Government, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

⁴⁵[GAO-18-494](#).

as when or whether a party has filed a disclosure or the tiers of ownership beyond the primary investor, USDA could help CFIUS member agencies reduce the likelihood of missing potential risks to national security.

USDA Implements AFIDA Nationally, but Its Processes to Collect, Track, and Report Key Information are Flawed

USDA Implements AFIDA Across Field Offices and Headquarters

USDA's AFIDA data is the most comprehensive source on foreign investment in U.S. agricultural land, according to USDA officials. As required by law, foreign persons must report information for transactions of U.S. agricultural land, including acquisitions, dispositions (e.g., sales), land use changes, or ownership changes.⁴⁶ Under USDA's current system, this information is submitted via paper AFIDA forms. The forms may be submitted to Farm Service Agency (FSA) county offices, or to USDA headquarters for more complex transactions, such as transactions that span multiple counties. There are over two thousand FSA county offices in the United States, according to officials.

The county and state offices then review the AFIDA forms for accuracy and completeness, according to USDA officials. If the forms were submitted to county offices, these offices are directed to review the forms and send them to USDA headquarters within a day of receiving them. Once a year, USDA headquarters officials enter selected information from forms into the AFIDA spreadsheet for its annual reports. This information includes the number of acres owned, by state and county, land value, and the country of the foreign investor. In addition, headquarters sends AFIDA forms to the USDA state office where the land is located.

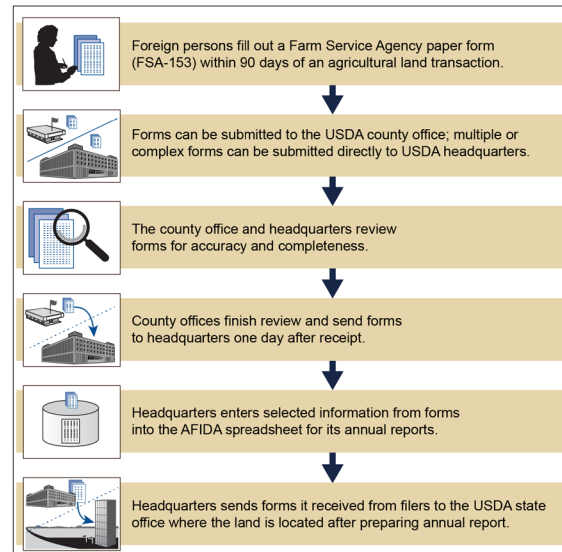
According to officials, FSA county and state offices make efforts to publicize AFIDA requirements. For example, county offices are directed to

⁴⁶AFIDA reporting is subject to certain exceptions, including (1) leaseholds less than ten years; (2) contingent future interests, and (3) easements unrelated to agricultural production. See 7 C.F.R. § 781.2(c).

display AFIDA information where deeds are registered in their counties and periodically send letters to local real estate agencies, real estate attorneys, and mortgage lenders in their counties to remind them of AFIDA requirements, according to FSA guidance.

In line with USDA policy, FSA state offices oversee county offices, and, according to officials, provide technical assistance to county offices as needed, such as answering questions about the AFIDA process. State offices also are directed to conduct annual compliance checks with county offices regarding their AFIDA responsibilities. According to officials, these checks include visits from state district directors to document whether they are implementing various AFIDA responsibilities. Figure 4 summarizes USDA's AFIDA data collection.

Figure 4: U.S. Department of Agriculture (USDA) Data Collection for the Agricultural Foreign Investment Disclosure Act of 1978, As Amended (AFIDA)

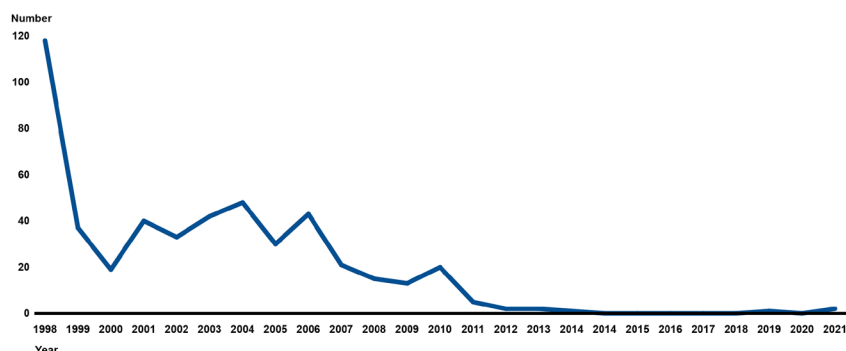


Legend: Agricultural Foreign Investment Disclosure Act of 1978, as amended = AFIDA.
Source: U.S. Department of Agriculture (USDA) documents and officials; GAO (images). | GAO-24-106337

USDA Assesses Few Penalties for AFIDA Non-Compliance

USDA headquarters may assess penalties for foreign persons that do not comply with AFIDA filing requirements, although fewer penalties have been assessed in recent years due to lack of staff, according to USDA. USDA assessed eight penalties for AFIDA late filing or non-filing between 2012 and 2021, according to the 2021 AFIDA report. Specifically, USDA assessed five of these penalties between 2012 and 2014, one in 2019, and two in 2021. USDA did not assess any penalties between 2015 and 2018 or in 2020. See figure 5 for USDA reporting on penalties assessed since 1998.

Figure 5: U.S. Department of Agriculture Reported Penalties Assessed from 1998-2021 for Non-Compliance with the Agricultural Foreign Investment Disclosure Act of 1978, As Amended (AFIDA)



Source: GAO analysis of U.S. Department of Agriculture data. | GAO-24-106337

Note: According to officials, 1998 is the first year that penalty information was electronically stored. Penalty information from years prior to 1998 were entered into a handwritten log.

The penalty calculation for late AFIDA forms is one-tenth of one percent of the value of the land times the number of weeks that the form is late, up to a statutory maximum of 25 percent of the land's fair market value. According to USDA, most penalties equal less than one percent of the value of the land, because the main goals of its AFIDA efforts are to maximize compliance and not to discourage potential filers from filing due to fears of large penalties.

USDA's Processes to Collect AFIDA Data Are Unclear and Challenging to Implement

USDA's AFIDA processes create challenges to collecting AFIDA data. For example, the AFIDA handbook is the main source of AFIDA guidance for state and county officials, according to officials. However, the handbook provides limited instructions on how FSA state and county offices should collect reliable AFIDA information, and lacks guidance on how to verify information on AFIDA forms. In addition, USDA's current paper-based submission process hinders its ability to track investments.

FSA's AFIDA Handbook
Provides Limited Instruction on
Collecting Reliable Information

FSA's AFIDA handbook assigns responsibilities to various FSA offices on collecting AFIDA information, but provides limited instructions for how to fulfill these responsibilities. According to FSA officials, the handbook is the main source of AFIDA guidance for state and county officials. In 2007, FSA found deficiencies with its county offices' efforts to collect AFIDA data. Specifically, FSA said it had reviewed AFIDA forms and reported deficiencies both in accuracy of reported information and reviews of agricultural land ownership changes. In the corresponding notice sent to FSA state and county offices that year, FSA reiterated the handbook responsibilities for reviewing forms and land ownership changes.

FPAC-BC officials, now responsible for AFIDA, said they plan to update the AFIDA handbook, form, and regulations. The handbook was last updated in 2006; the regulations were last updated in 1995.⁴⁷ According to officials, as of August 2023, a working group has finished the revised form, which will be posted in the *Federal Register* along with an explanation after receiving internal clearance. Officials told us they are updating the types of AFIDA information the forms collect to better reflect different kinds of foreign investment and uses of agricultural land. For example, officials said they were planning to capture more information about lease agreements by having these filers indicate if they will use the land for wind or solar energy production.⁴⁸ USDA's 2021 annual report attributed recent increases in foreign holdings of pastureland and farmland mostly to long-term leases by foreign-owned wind companies. In addition, our analysis of AFIDA data from AFIDA's implementation through 2021 found that approximately two-thirds of the filings are legal entities with "wind," "solar," or "energy" in their names.

While the handbook lists common errors that may occur when filling out an AFIDA form, it does not address how officials should review forms for misleading, inaccurate, or false information. For example, the handbook says the name on the AFIDA form should be the titleholder's, not the shareholder's, but it does not provide guidance for verifying that information, such as reviewing the deed. In addition, the handbook explains what type of information from additional foreign persons with an

⁴⁷FSA was originally responsible for managing AFIDA and overseeing USDA's AFIDA policy, but FPAC-BC became responsible for AFIDA in 2018 due to an administrative policy decision, according to officials.

⁴⁸In addition, officials noted that they hope to use the new information captured on the forms to better understand the impacts of foreign investment on farmers and rural communities.

interest in the land must be reported, but not how to determine if the submitted information is accurate or missing foreign persons.

Training

The U.S. Department of Agriculture (USDA) provides training to state and county officials on Agricultural Foreign Investment Disclosure Act of 1978, as amended (AFIDA) filing requirements and the handbook only upon request, according to officials. In 2023, headquarters officials said they shared a presentation about AFIDA with Farm Service Agency (FSA) state executive directors and provided training to FSA staff in Hawaii, New Jersey, and Tennessee. According to officials, USDA will prepare a training program for state and county officials after the form and handbook are updated.

Source: USDA. | GAO-24-106337

The handbook directs headquarters and county offices to review submitted AFIDA forms and obtain any needed data to correct missing or erroneous information. However, FSA does not provide specific instructions in the handbook or elsewhere on how to review forms for substantive errors.

Under federal internal control standards, management should design control activities to achieve objectives and respond to risks, such as clearly documenting internal controls in management directives, administrative policies, or operating manuals.⁴⁹ USDA is in the process of updating the AFIDA handbook. However, without specific guidance in the handbook about reviewing the accuracy of forms and identifying missing information, USDA may not be properly equipping its thousands of county officials to identify misleading, inaccurate, or false information associated with AFIDA filers.

USDA's Efforts to Develop an Online AFIDA Data Submission System Face Key Challenges

USDA has been directed to update its paper-based submission process, which currently hinders its ability to track foreign investments in agricultural land. The Consolidated Appropriations Act, 2023 requires USDA to adopt an online submission process and public database by the end of 2025.⁵⁰ USDA has taken some steps to update its process for online submission. However, it has not developed timelines for creating an online submission process, despite having plans to create this process. In addition, USDA has not developed timelines or plans for creating a public database because, according to officials, they have not received sufficient funding to do so.

At USDA headquarters, FPAC-BC is responsible for AFIDA and maintains a standalone AFIDA spreadsheet using Microsoft Access. The

⁴⁹Principle 10, [GAO-14-704G](#). USDA implements the Green Book in USDA Departmental Regulation 1110-002, *Management's Responsibility for Internal Control* (Washington D.C., March 5, 2021): "Under and assistant secretaries, agency and staff office heads will establish and maintain a system of internal control based on GAO's *Green Book* ensuring adequate controls for program and administrative operations, reporting, and compliance are in place."

⁵⁰Pub. L. No. 117-328, div. A, tit. VII, § 773, 136 Stat. 4459, 4509 (2022). As of November 2023, the proposed Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2024, being considered by the House of Representatives, contains the same provision. H.R. 4368, § 747, 118th Cong. (reported in the House (June 27, 2023).

spreadsheet includes the name of the primary investor associated with the AFIDA filing, the county and state where the land is located, the acreage and value of the land, and the country associated with the largest percentage of the land's foreign investors, among other information. Headquarters officials said they only input information that they need to populate their AFIDA annual reports, which includes summary information about current holdings of agricultural land by the primary foreign investors. They do not input certain information collected with the forms. For example, they do not include legal descriptions because these descriptions may be pages long and difficult to interpret. In addition, they do not include additional foreign persons beyond the primary investor (i.e., other ownership tiers or complex legal entities).

The Consolidated Appropriations Act, 2023 requires USDA to create (1) an AFIDA online submission process to allow foreign persons to file online and (2) a public database that includes information from all prior year disclosures by the end of 2025. FPAC-BC officials are planning to work jointly with FSA to develop the online submission process. Officials said the agency requested \$10 million over a 5-year period to create an online submission process that would allow a public database to be created that would include disclosures submitted after the process is in place. Ultimately, USDA put forward a request for \$1 million for AFIDA, which was included in the agency's final budget for fiscal year 2024. According to officials, USDA is deliberating how to use this funding. For example, officials told us that before developing the online submission process, they must first consider the types of data they want to capture from the updated form and how the data could help USDA gather additional information. USDA officials told us that as of September 2023, they are still in the initial stages of the clearance process, and the form has not yet been approved internally.

USDA officials estimate the agency would need approximately \$25 million to create a public database that includes all historical disclosures. First, officials said the agency would need a tool that could scan and digitize all files from 1978—when AFIDA was first enacted—until the launch of the tool. Staff would then need to determine the relevant information for scanning, account for differences between files over the years, scan the physical files, and ensure the data were being captured appropriately. Officials said they do not currently have plans to fulfill the public database requirement to include all past disclosures but that their plans will be determined based on the amount of funding received.

To meet the Appropriations Act's public database requirement in the interim, in June 2023, headquarters posted selected transaction data from the AFIDA spreadsheet to USDA's website. These transaction data include reported holdings that were active as of the end of each calendar year for 2010 to 2021. These data do not include holdings that were sold prior to 2010 and are inactive. Records of reported sales and land use changes are not included for any year in these data. Moving forward, officials plan to store information collected through the online submission process in a searchable and retrievable format.

However, USDA has not yet determined how it will transition and update AFIDA from a paper-based to an online submission process. Officials said it is difficult to modernize AFIDA information technology without additional funding and that there is no timeline for the creation of the new AFIDA online submission process. In September 2023, USDA officials told Congress they have not done more because the effort was not funded. In response, Members of Congress requested that USDA report their specific funding needs to meet these requirements.

Under federal standards for internal control, an entity should formulate plans to achieve its objectives.⁵¹ Without timelines and plans for the development and completion of its online submission process and public database, USDA's ability to fulfill these requirements will be impaired. In addition, details about USDA's plans to meet the requirements of the Consolidated Appropriations Act, 2023 timelines and plans, or its inability to do so, would help Congress understand if USDA is on track to meet the requirements or if additional legislative action is needed.

USDA's AFIDA Tracking Processes Lack Data Verification and Key Information, Resulting in Errors and Omissions

USDA does not sufficiently verify and conduct quality reviews to track the accuracy and completeness of its collected AFIDA data in the AFIDA spreadsheet and AFIDA forms. USDA has begun efforts to identify AFIDA non-filers, but USDA does not know the overall extent of AFIDA non-filing, according to officials. The flaws in these processes hinder USDA's ability to accurately track and represent where and how much agricultural land is foreign-held.

USDA's AFIDA Spreadsheet Contains Errors and Lacks Quality Reviews

Prior to publishing its AFIDA annual report, headquarters officials said they perform data checks. Specifically, officials said they check for certain errors, such as duplicate, missing, or invalid data entries. However, we identified data entry errors in the AFIDA spreadsheet and issues with

⁵¹Principle 2, [GAO-14-704G](#).

form completeness in a review of a selected non-generalizable sample of 19 AFIDA forms, including:

- AFIDA forms were not correctly or completely filled out. For example, some of the AFIDA forms we reviewed did not identify any foreign persons, and the AFIDA spreadsheet does not identify the affiliated country of the foreign person for 918 of 43,000 holdings. According to officials, USDA reaches out to filers with no foreign persons listed but sometimes does not get a response. Officials said they may need to assess penalties for some of these filers. In addition, some owners' records had different foreign countries associated with them across records.
- Duplicate entries of land holdings. For example, the largest land holding associated with the People's Republic of China, at over 27,000 acres, is duplicated in both the AFIDA spreadsheet and the most recent FSA annual report. The duplicate occurred when the ownership changed and the old record was not removed.
- Missing or invalid values, such as the number "13" used for the month of the acquisition and a negative number used for an acreage amount.

We shared examples of these errors with USDA officials, who confirmed the errors and, as of July 2023, said they were making efforts to correct them. For example, officials said they are following up with AFIDA filers if the agricultural land has a current value that is missing, zero, or less than \$100 in the AFIDA spreadsheet, or for transactions in which the amount filers paid to acquire the land is less than the current value.

According to officials, most of the errors we identified occurred during data entry. AFIDA data entry errors often occur because headquarters staff manually enters information from AFIDA forms into a spreadsheet without sufficient internal controls to prevent or identify these errors. USDA officials said they cannot prevent multiple users from accessing the AFIDA spreadsheet at the same time, so they coordinate access internally to prevent duplicate entries. According to officials, one official created the current spreadsheet in 2016 without specifically obligated funding, and it is an improvement over the previous system.

Officials said they are aware of obsolete records in the AFIDA spreadsheet because foreign persons may not have self-reported when they ceased to have an interest in the land, as required. In addition, according to officials, as of September 2023, new additional data checks have been added, such as ensuring the range of the month of acquisition

Data Mining Has Identified
Some Non-Filers, and
Additional Efforts Could
Produce More Results

is between “1” and “12.” However, according to officials, the current spreadsheet does not have other internal controls to prevent improper values from being entered. A key principle of federal internal control is to design activities for the information system.⁵² Agencies should have controls in their information systems to ensure validity, completeness, and accuracy of data entered. In addition, federal internal controls state management should ensure it has manual control activities, such as that officials reviewing paper AFIDA forms collect all required information from filers.⁵³ Without improving its verification and monitoring of collected AFIDA data, such as reviewing and validating information throughout the AFIDA data collection process, USDA cannot verify it is accurately capturing information, nor can it ensure the effectiveness of its data controls.

USDA has made some efforts to identify non-filers, but expanding these efforts could identify even more suspected non-filers. During our review we discussed with USDA officials performing a data matching exercise between FSA program data and AFIDA data to identify foreign persons that should have filed an AFIDA disclosure. As a result, USDA began a data mining pilot using FSA program data to identify potential AFIDA non-filers that own land in Washington State, and who have previously submitted information to FSA. The pilot identified 135 foreign landowners that, according to officials, are likely non-filers and need to complete an AFIDA filing. Prior to the pilot, USDA data accounted for 1,243 foreign holdings of agricultural land in Washington State. Headquarters officials said they sent the 135 newly identified landowners letters about AFIDA requirements. According to headquarters officials, as of September 2023, they have expanded the data mining effort nationally. Officials said they plan to conduct this data-mining effort periodically.

⁵²Principle 11, [GAO-14-704G](#).

⁵³Principle 10, [GAO-14-704G](#).

Farm Numbers

Certain Farm Service Agency (FSA) data sources, such as farm ownership records and program data, use FSA farm numbers and not legal descriptions to identify land. Officials said that requiring Agricultural Foreign Investment Disclosure Act of 1978, as amended (AFIDA) filers to obtain a unique identifier, such as an FSA farm number, would help the U.S. Department of Agriculture (USDA) connect AFIDA data with its other data and more easily identify the location of the land. In addition, an FSA official said requiring farm numbers could also incorporate annual reporting and verification requirements into AFIDA that FSA uses for farm programs. USDA does not have the authority to require AFIDA filers to obtain farm numbers from USDA, according to officials.

Source: USDA. GAO-24-106337

According to USDA officials, conducting the data mining project helped identify potential non-filers they would not have otherwise identified. However, these efforts only identify individuals already present in its databases for farm programs.⁵⁴ The analysis will not identify foreign persons that have not done business with FSA and do not have a customer record, according to officials. Therefore, the complete universe of foreign investors in U.S. agricultural land will remain unknown. For example, since USDA captures and stores select AFIDA data in a standalone spreadsheet, officials cannot automatically connect the AFIDA spreadsheet with FSA data, according to officials. Therefore, after headquarters identified foreign persons in the pilot, they directed county officials to investigate whether the foreign persons in their county needed to file.

According to officials, AFIDA data does not provide simple locations of agricultural land. AFIDA data includes legal descriptions rather than geographic coordinates, which can make it difficult to locate the land in question. These legal descriptions may be pages long and difficult to interpret, and are not entered into the AFIDA spreadsheet, complicating efforts to identify non-filers and the locations of their property. According to USDA officials, local FSA staff are aware of the location of the agricultural land using legal descriptions, but they acknowledge that it would be difficult for those who are not local to have that geospatial context.

According to USDA guidelines to implement the Information Quality Act, USDA should validate its data against other information where practicable.⁵⁵ Without periodic validation of AFIDA data, such as every 5

⁵⁴The AFIDA statute grants USDA authority to "take such actions as the Secretary considers necessary to monitor compliance...and to determine whether the information contained in any report...accurately and fully reveals the ownership interest of all foreign persons." Pub. L. No. 95-460, § 4, 92 Stat. 1263, 1265 (codified at 7 U.S.C. § 3503).

⁵⁵The Information Quality Act, also known as the Data Quality Act, directed the Office of Management and Budget (OMB) to issue guidelines that provide policy and procedural guidance to federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information, including statistical information disseminated to the public. Consolidated Appropriations Act, 2001, Pub. L. No. 106-554, app. C, tit. V, § 515, 114 Stat. 2763, 2763A-153, 2763A-154 (2000). OMB published the required guidelines in 2002. OMB, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies*, Final Guidelines, 67 Fed. Reg. 8452 (Feb. 22, 2002). In 2019, OMB published a memorandum to reinforce, clarify, and interpret agency responsibilities with regard to responsibilities under the Information Quality Act. OMB, *Improving Implementation of the Information Quality Act*, OMB M-19-15 (Apr. 24, 2019). USDA's guidelines implement OMB guidelines in accordance with the Information Quality Act.

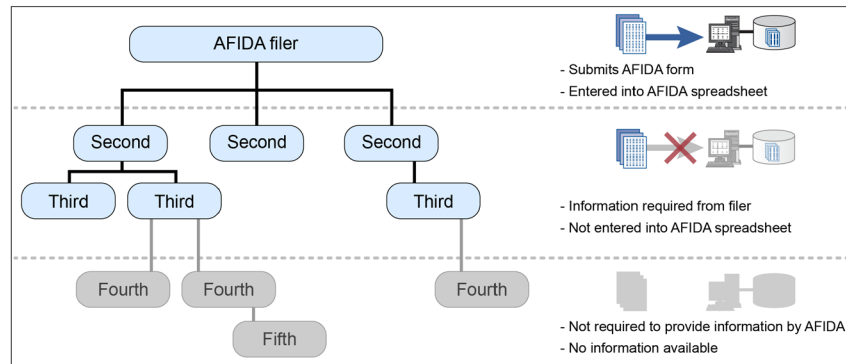
years, USDA will be unable to identify certain non-filers and its AFIDA data will be less complete. This could include comparing AFIDA data to FSA program data.

USDA's AFIDA Reporting Processes Omit Key Information About Ownership Tiers

As discussed above, USDA reporting does not incorporate the country of additional foreign persons beyond the primary investor, which may skew the reporting of holdings by country. Pursuant to the AFIDA statute and regulations, USDA requires filers to provide the names, addresses, and countries of origin for up to three ownership tiers, if applicable.⁵⁶ However, the AFIDA spreadsheet includes only the name of the filer or the entity the filer represents. This name may be the primary investor in the transaction (the person or legal entity that holds the deed or lease). However, because primary investors may be only one of several ownership tiers, the name listed in AFIDA data may not be the ultimate beneficiary of the investment. In addition, as noted above, the primary investor is a "foreign person" if a foreign individual or legal entity has at least 10 percent interest in the investment, even if the primary investor is based in the United States. Figure 6 illustrates reporting requirements for entities with multiple ownership tiers.

⁵⁶According to officials, AFIDA filings have become increasingly complex, as filings by large corporations now exceed filings by individuals. As a result, the ultimate beneficiaries may exist beyond the third ownership tier and may not be captured in AFIDA disclosures, unless the filer voluntarily provides that information.

Figure 6: Agricultural Foreign Investment Disclosure Act of 1978, As Amended (AFIDA) Data Collection for Entities with Multiple Ownership Tiers



Legend: Agricultural Foreign Investment Disclosure Act of 1978, as amended = AFIDA.

Source: AFIDA and U.S. Department of Agriculture regulations, documents, and officials; GAO (images). | GAO-24-106337

In the AFIDA spreadsheet and annual reports, USDA assigns a country to land holdings based on the foreign country associated with the highest percentage of foreign interest in the land. The spreadsheet and annual reports do not include secondary countries associated with foreign persons who hold smaller stakes. For example, a holding in which the primary investor is from the Cayman Islands with 51 percent stake and a second-tier owner from Russia with 49 percent stake would be recorded in the AFIDA spreadsheet as a foreign investment by Cayman Islands and not reflect the Russian interest. According to headquarters officials, ownership information from additional foreign persons with interest in the land is not recorded because it is not currently used in USDA's AFIDA annual reports. However, without incorporating ownership information from additional foreign persons, reporting will not provide users with a comprehensive accounting of submitted information on foreign investments in agricultural land.

Conclusions

Foreign ownership and investment in U.S. agricultural land—which includes farmland, pastures, and forest land—has grown since 2016, according to the U.S. Department of Agriculture (USDA). Recent national

security risks related to foreign investments in U.S. agricultural land have highlighted the importance of CFIUS's reviews. CFIUS is the main authority to address the national security ramifications of foreign investment in the United States, according to Treasury and DOD officials. However, we found that CFIUS does not currently have regular and timely access to detailed AFIDA information, the nation's most comprehensive data on foreign investments in U.S. agricultural land, according to USDA officials.

Additional targeted information on foreign investments in U.S. agricultural land could improve DOD's ability to identify potential investments of concern earlier in the process. As we have previously reported, if parties to a covered transaction do not voluntarily notify CFIUS, and CFIUS does not independently discover the transaction and initiate a review, potential risks to national security may go undetected. Access to timely AFIDA data, such as whether a party has filed a disclosure, when it was filed, and ownership information for the second and third ownership tiers could reduce that risk.

In addition, USDA's current processes to verify and monitor data have deficiencies. These processes could be improved to ensure more foreign investors report their holdings and make the data more reliable and useful. Although AFIDA data are the primary means by which the United States tracks and monitors foreign investment in its agricultural land, according to USDA officials, USDA collects AFIDA data on paper forms, which currently hinders its ability to track these investments. In addition, USDA has taken some steps to update its process for online submission but does not have timelines for its completion. USDA has also made little progress in creating a public database, which could help the agency address some of these issues. Congress has passed and the President enacted a requirement for USDA to adopt an online submission process and public database by 2025.⁵⁷

USDA does not regularly review and validate its data to improve its accuracy and completeness, and it could derive more results with additional efforts to determine how many foreign persons fail to file (non-filers). In addition, USDA does not report on key information related to the

⁵⁷Pub. L. No. 117-328, div. A, tit. VII, § 773, 136 Stat. 4459, 4509 (2022). As of November 2023, the proposed Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2024, being considered by the House of Representatives, contains the same provision. H.R. 4368, § 747, 118th Cong. (reported in the House (June 27, 2023)).

ultimate beneficiary of foreign-held agricultural land, even when that information is collected. Despite the limitations of AFIDA data, sharing these data could assist CFIUS in its efforts to identify foreign investments in agricultural land that may pose national security risks. But without accurate data and transparent reporting, USDA cannot provide reliable information to CFIUS, Congress, or the public about where and how much U.S. agricultural land is held by foreign persons.

Recommendations for Executive Action

We are making a total of six recommendations to USDA:

The Secretary of Agriculture should ensure that the Chief Operating Officer of FPAC-BC, in coordination with relevant CFIUS member agencies, establish a process to provide detailed and timely AFIDA transaction data relevant to foreign investments in agricultural land to CFIUS member agencies, including DOD and Treasury. Such information could include whether a party has filed a disclosure, who filed it, and when it was filed. **(Recommendation 1)**

The Secretary of Agriculture should direct the Administrator of FSA, as FPAC-BC updates the AFIDA handbook, to clarify and provide specific instructions to headquarters and county employees for completing AFIDA responsibilities, including reviewing the accuracy of forms and identifying missing information. **(Recommendation 2)**

The Secretary of Agriculture should direct the Chief Operating Officer of FPAC-BC and the Administrator of FSA to jointly complete an analysis to determine the extent to which the agency can satisfy the requirements of the Consolidated Appropriations Act, 2023 to create an AFIDA online submission system and public database within its expected budget. If the analysis shows that the agency would be unable to meet the requirements of the Consolidated Appropriations Act, 2023, USDA should report the results to Congress and recommend appropriate legislative changes. **(Recommendation 3)**

The Secretary of Agriculture should direct the Chief Operating Officer of FPAC-BC to improve its verification and monitoring of collected AFIDA data, such as reviewing and validating information throughout the AFIDA data collection process. **(Recommendation 4)**

The Secretary of Agriculture should direct the Chief Operating Officer of FPAC-BC, in coordination with the Administrator of FSA, to continue data mining activities that compare AFIDA data to FSA program data to identify suspected non-filers. **(Recommendation 5)**

Agencies' Comments and Our Evaluation

The Secretary of Agriculture should direct the Chief Operating Officer of FPAC-BC to ensure its AFIDA reporting is complete, such as incorporating country information from additional foreign persons beyond the primary investor when available. **(Recommendation 6)**

We provided a draft of this report to DOD, Treasury, and USDA for review and comment. USDA provided written comments that are reprinted in appendix III, and summarized below. In its written comments, USDA agreed with the first five recommendations and partially agreed with the sixth recommendation. Treasury and DOD communicated by email that they agree to support USDA in implementing our first recommendation that USDA should establish a process to provide detailed and timely AFIDA data to CFIUS member agencies, including Treasury and DOD. USDA and Treasury provided technical comments, which we incorporated as appropriate.

In response to our recommendations, USDA outlined actions it plans to take. USDA said that as of January 2024, AFIDA staff in FPAC-BC are updating the existing AFIDA handbook. In addition, a December 15, 2023 *Federal Register* announcement requested public input on proposed revisions to the FSA-153.

USDA said it has concerns with implementing our sixth recommendation without additional financial resources to create and maintain an online filing portal. We acknowledge this concern but stand by our recommendation, as USDA has options to implement it without incurring significant additional costs. While including country information from historical filings would be resource-intensive, USDA has already planned to put some of these measures in place and could use that process to ensure it includes all available country information from future filings. USDA stated that for the 2024 report, containing data through December 31, 2023, it will provide data on secondary and higher interests associated with the People's Republic of China, Russia, Iran, and North Korea. We acknowledge that these data would be useful. However, USDA does not plan to include country information beyond the first ownership tier for other countries. This information is key to a comprehensive picture of foreign investments in agricultural land. Further, USDA could include the country information in its reporting using other methods than the time-consuming manual process that USDA proposed in its comments. For example, USDA could adjust its process to ensure it includes a table showing landholdings by country, including the countries of additional foreign persons. That would allow USDA to provide better information when acreage totals exceed total foreign interest, because

additional foreign persons with an interest in the same landholding may be associated with more than one country.

We are sending copies of this report to the appropriate congressional committees and the Secretaries of Defense, the Treasury, Agriculture, and other interested parties. In addition, the report will be available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact Kimberly Gianopoulos at (202) 512-8612 or gianopoulosk@gao.gov or Steve D. Morris at (202) 512-3841 or morris@gao.gov. GAO staff who made key contributions to this report are listed in appendix IV.



Kimberly M. Gianopoulos
Director, International Affairs and Trade



Steve D. Morris
Director, Natural Resources and Environment

List of Requesters

The Honorable Glenn "GT" Thompson
Chairman, Committee on Agriculture
House of Representatives

The Honorable Mike Rogers
Chairman, Committee on Armed Services
House of Representatives

The Honorable Jodey C. Arrington
Chairman, Committee on the Budget
House of Representatives

The Honorable Virginia Foxx
Chairwoman, Committee on Education and the Workforce
House of Representatives

The Honorable Cathy McMorris Rodgers
Chair, Committee on Energy and Commerce
House of Representatives

The Honorable Michael Guest
Chairman, Committee on Ethics
House of Representatives

The Honorable Michael McCaul
Chairman, Committee on Foreign Affairs
House of Representatives

The Honorable Jim Jordan
Chairman, Committee on the Judiciary
House of Representatives

The Honorable Bruce Westerman
Chairman, Committee on Natural Resources
House of Representatives

The Honorable James Comer
Chairman, Committee on Oversight and Accountability
House of Representatives

The Honorable Frank Lucas
Chairman, Committee on Science, Space, and Technology
House of Representatives

The Honorable Roger Williams
Chairman, Committee on Small Business
House of Representatives

The Honorable Mike Bost
Chairman, Committee on Veterans' Affairs
House of Representatives

The Honorable Jason Smith
Chairman, Committee on Ways and Means
House of Representatives

The Honorable Mike Braun
United States Senate

The Honorable Ted Budd
United States Senate

The Honorable Robert B. Aderholt
House of Representatives

The Honorable Rick W. Allen
House of Representatives

The Honorable Brian Babin, D.D.S.
House of Representatives

The Honorable Don Bacon
House of Representatives

The Honorable James R. Baird
House of Representatives

The Honorable Troy Balderson
House of Representatives

The Honorable Andy Barr
House of Representatives

The Honorable Cliff Bentz
House of Representatives

The Honorable Jack Bergman
House of Representatives

The Honorable Stephanie Bice
House of Representatives

The Honorable Andy Biggs
House of Representatives

The Honorable Ken Buck
House of Representatives

The Honorable Tim Burchett
House of Representatives

The Honorable Ken Calvert
House of Representatives

The Honorable Kat Cammack
House of Representatives

The Honorable Mike Carey
House of Representatives

The Honorable Jerry L. Carl
House of Representatives

The Honorable Earl L. "Buddy" Carter
House of Representatives

The Honorable Ben Cline
House of Representatives

The Honorable Michael Cloud
House of Representatives

The Honorable Andrew S. Clyde
House of Representatives

The Honorable Eric A. "Rick" Crawford
House of Representatives

The Honorable Scott DesJarlais
House of Representatives

The Honorable Mario Diaz-Balart
House of Representatives

The Honorable Byron Donalds
House of Representatives

The Honorable Jeff Duncan
House of Representatives

The Honorable Neal P. Dunn, M.D.
House of Representatives

The Honorable Jake Ellzey
House of Representatives

The Honorable Tom Emmer
House of Representatives

The Honorable Pat Fallon
House of Representatives

The Honorable Randy Feenstra
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The Honorable Brad Finstad
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The Honorable Michelle Fischbach
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The Honorable Brian Fitzpatrick
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The Honorable Chuck Fleischmann
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The Honorable Mike Flood
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The Honorable Scott Franklin
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The Honorable Russ Fulcher
House of Representatives

The Honorable Mike Garcia
House of Representatives

The Honorable Carlos A. Gimenez
House of Representatives

The Honorable Jenniffer González Colón
House of Representatives

The Honorable Bob Good
House of Representatives

The Honorable Lance Gooden
House of Representatives

The Honorable Paul A. Gosar, D.D.S.
House of Representatives

The Honorable Marjorie Taylor Greene
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The Honorable Glenn Grothman
House of Representatives

The Honorable Diana Harshbarger
House of Representatives

The Honorable Kevin Hern
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The Honorable Clay Higgins
House of Representatives

The Honorable French Hill
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The Honorable Ashley Hinson
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The Honorable Richard Hudson
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The Honorable Dusty Johnson
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The Honorable Trent Kelly
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The Honorable Brian Mast
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The Honorable Lisa McClain
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The Honorable Carol D. Miller
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The Honorable Mary E. Miller
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The Honorable Alex Mooney
House of Representatives

The Honorable Barry Moore
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The Honorable Gregory F. Murphy, M.D.
House of Representatives

The Honorable Troy E. Nehls
House of Representatives

The Honorable Dan Newhouse
House of Representatives

The Honorable Ralph Norman
House of Representatives

The Honorable Burgess Owens
House of Representatives

The Honorable Greg Pence
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The Honorable Scott Perry
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The Honorable August Pfluger
House of Representatives

The Honorable Guy Reschenthaler
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House of Representatives

The Honorable David Rouzer
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The Honorable Chip Roy
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The Honorable John H. Rutherford
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The Honorable Maria Elvira Salazar
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The Honorable Austin Scott
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The Honorable Pete Sessions
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The Honorable Chris Smith
House of Representatives

The Honorable Lloyd Smucker
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The Honorable Victoria Spartz
House of Representatives

The Honorable Pete Stauber
House of Representatives

The Honorable Elise M. Stefanik
House of Representatives

The Honorable David G. Valadao
House of Representatives

The Honorable Jefferson Van Drew
House of Representatives

The Honorable Beth Van Duyne
House of Representatives

The Honorable Tim Walberg
House of Representatives

The Honorable Michael Waltz
House of Representatives

The Honorable Robert J. Wittman
House of Representatives

The Honorable Steve Womack
House of Representatives

Appendix I: Objectives, Scope, and Methodology

This report examines the extent to which (1) the U.S. Department of Agriculture (USDA) shares information related to foreign investments in U.S. agricultural land with the Committee on Foreign Investment in the United States (CFIUS) for its national security reviews and (2) USDA's processes enable it to collect, track, and report foreign investments in U.S. agricultural land.

The Department of the Treasury (Treasury), the Department of Defense (DOD), and USDA deemed some of the information in our report to be too sensitive for public disclosure. As a result, this report omits sensitive information about CFIUS's processes for tracking transactions and numbers of transactions CFIUS agencies reviewed related to foreign investments in U.S. agricultural land.

To examine the extent to which USDA shares information related to foreign investment in U.S. agricultural land with CFIUS for its national security reviews, we reviewed the Foreign Investment and National Security Act of 2007 (FINSA),¹ and the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA),² CFIUS regulations implementing FINSA and FIRRMA,³ and relevant executive orders. We also reviewed the 2021 and 2022 CFIUS annual reports. In addition, we reviewed interagency communications and agency documents, such as internal guidance, to understand (1) CFIUS's process and (2) Treasury's, DOD's, and USDA's individual processes for reviewing potential national security risks related to foreign investments and identifying transactions for potential CFIUS review.

We also interviewed officials from Treasury's Office of Investment Security, USDA's Office of Homeland Security, and DOD's Office of the Under Secretary of Defense for Acquisition and Sustainment about these agencies' CFIUS efforts. We interviewed USDA officials from the Farm Service Agency (FSA) and the Farm Production and Conservation Business Center (FPAC-BC) about USDA's processes to track and report

¹Pub. L. No. 110-49 § 2, 121 Stat. 246 (July 26, 2007) (codified as amended at 50 U.S.C. § 4565).

²John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232, §§ 1701-1728, 132 Stat. 1636, 2173-2208 (Aug. 13, 2018) (codified as amended at 50 U.S.C. § 4565).

³See 31 C.F.R. pts. 800 and 802.

foreign investments in U.S. agricultural land pursuant to the Agricultural Foreign Investment Disclosure Act of 1978, as amended (AFIDA).⁴

In addition, we evaluated information from interviews and documents to evaluate efforts amongst these agencies to share information in addition to potential challenges these agencies have faced in doing so. We determined that the internal control principle related to quality information was significant to this objective.⁵ We evaluated information from interviews and documents to determine whether the three agencies communicated the necessary quality information through reporting lines so that external parties can help the entity achieve its objectives and address related risks to achieve the entities' objectives. In addition, we evaluated information from interviews and documents to determine whether USDA FPAC-BC communicated the necessary quality information internally down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system.

To examine USDA's processes to track and report foreign investments in U.S. agricultural land, we reviewed AFIDA,⁶ USDA's implementing regulations,⁷ and AFIDA requirements found in the Consolidated Appropriations Act, 2023.⁸ We also reviewed the Farm Service Agency's (FSA) AFIDA handbook to learn about AFIDA responsibilities and guidance for county, state, and headquarters offices.⁹ We interviewed USDA headquarters officials from the FSA and FPAC-BC about AFIDA processes, limitations, and their efforts to create an online submission process and public database. We also selected and interviewed FSA officials from a non-generalizable sample of three state offices and three county offices to better understand how FSA state and county offices were fulfilling their AFIDA responsibilities. We selected the FSA Grand Forks County and Val Verde County offices due to media coverage on potential CFIUS reviews of agricultural land transactions occurring in

⁴Pub. L. No. 95-460, 92 Stat. 1263 (codified as amended at 7 U.S.C. §§ 3501-3508).

⁵*Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

⁶Pub. L. No. 95-460, 92 Stat. 1263 (codified as amended at 7 U.S.C. §§ 3501-3508).

⁷7 C.F.R. pt. 781.

⁸Pub. L. No. 117-328, div. A, tit. VII, § 773, 136 Stat. 4459, 4509 (2022).

⁹USDA, FSA Handbook: Foreign Investment Disclosure, 1-AFIDA (Washington D.C., revised Jan. 27, 2006).

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those counties. We selected the FSA Antelope County office, because this county includes the highest number of foreign holdings of agricultural land, by number of land parcels, according to USDA's AFIDA holdings data. We selected the three FSA state offices that oversee those counties—North Dakota, Texas, and Nebraska, respectively.

We evaluated USDA's AFIDA processes using as criteria Standards for Internal Control in the Federal Government and USDA guidelines to implement the Information Quality Act.¹⁰

We assessed the reliability of AFIDA data by reviewing active holdings by foreign persons as of the end of 2021—the latest year of data available from the AFIDA spreadsheet at the time of our review. These data were spreadsheets generated from USDA's Microsoft Access AFIDA database. According to officials, these data were used to populate USDA's 2021 AFIDA annual report and represent current foreign investments of U.S. agricultural land, including investments that were made prior to 2021. As such, these data do not include investments that were divested. We also reviewed agency documents and interviewed FPAC-BC headquarters officials about entry and maintenance of the AFIDA spreadsheet, including controls in the spreadsheet and checks done prior to using the AFIDA spreadsheet to populate USDA's AFIDA annual reports. We electronically tested for missing data, outliers, and obvious errors. We also evaluated AFIDA data against reported summary data in USDA's 2021 AFIDA Annual Report and the presentation of these data in the report. Based on errors we identified and recent transactions covered by the media, we selected and requested a non-generalizable sample of 20 AFIDA forms, which are source documents used to populate AFIDA data, to review for errors and completeness. According to USDA officials, the data for two of the AFIDA forms were included in one form; therefore, we reviewed 19 AFIDA forms. We also reviewed the data submitted on these

¹⁰The Information Quality Act, also known as the Data Quality Act, directed the Office of Management and Budget (OMB) to issue guidelines that provide policy and procedural guidance to federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information, including statistical information disseminated to the public. Consolidated Appropriations Act, 2001, Pub. L. No. 106-554, app. C, tit. V, § 515, 114 Stat. 2763, 2763A-153, 2763A-154 (2000). OMB published the required guidelines in 2002. OMB, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies*, Final Guidelines, 67 Fed. Reg. 8452 (Feb. 22, 2002). In 2019, OMB published a memorandum to reinforce, clarify, and interpret agency responsibilities with regard to responsibilities under the Information Quality Act. OMB, *Improving Implementation of the Information Quality Act*, OMB M-19-15 (Apr. 24, 2019). USDA's guidelines implement OMB guidelines in accordance with the Information Quality Act.

Appendix I: Objectives, Scope, and Methodology

forms that USDA does not enter into the AFIDA spreadsheet, such as additional ownership tiers and legal descriptions. We shared inconsistencies we identified with USDA, and USDA confirmed the presence of errors. We determined that the data were not sufficiently reliable to show the amount of foreign investment in U.S. agricultural land and we only include data in this report for contextual purposes or to show examples of data errors. We make recommendations to address the reliability of AFIDA data.

The performance audit upon which this report is based was conducted from October 2022 to January 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Factors to Consider When Determining Whether Submitted Transactions Pose a National Security Risk

Table 1: List of Illustrative Factors CFIUS and the President May Consider in Determining Whether a Transaction Notified to the Committee Poses a National Security Risk

• The potential effects of the transaction on the domestic production needed for projected national defense requirements.
• The potential effects of the transaction on the capability and capacity of domestic industries to meet national defense requirements, including the availability of human resources, products, technology, materials, and other supplies and services.
• The potential effects of the transaction on a foreign person's control of domestic industries and commercial activity as it affects the capability and capacity of the United States to meet the requirements of national security.
• The potential effects of the transaction on U.S. international technological leadership in areas affecting U.S. national security.
• The potential national security-related effects on U.S. critical technologies.
• The potential effects on the long-term projection of U.S. requirements for sources of energy and other critical resources and material.
• The potential national security-related effects of the transaction on U.S. critical infrastructure, including critical physical infrastructure such as major energy assets.
• The potential effects of the transaction on the sales of military goods, equipment, or technology to countries that present concerns related to terrorism, missile proliferation, chemical, biological, or nuclear weapons proliferation, or regional military threats.
• The potential that the transaction presents for transshipment or diversion of technologies with military applications, including the relevant country's export control system.
• Whether the transaction could result in the control of a U.S. business by a foreign government or by an entity controlled by or acting on behalf of a foreign government.
• The relevant foreign country's record of adherence to nonproliferation control regimes and record of cooperating with U.S. counterterrorism efforts.
• Other factors that the President or the committee may determine to be appropriate, generally or in connection with a specific review or investigation.

Source: 50 U.S.C. § 4565(f). See also Department of the Treasury, Office of Investment Security, *Guidance Concerning the National Security Review Conducted by the Committee on Foreign Investment in the United States*, 73 Fed. Reg. 74,567 (Dec. 8, 2008) (detailing the illustrative list of factors in section 721(f) of the Defense Production Act of 1950, as amended and codified at 50 U.S.C. § 4565(f)). | GAO-24-106337

Appendix III: Comments from the Department of Agriculture

USDA
United States
Department of
Agriculture
Office of the Secretary
Washington, D.C. 20250
January 4, 2024

STEVE D. MORRIS
Director
Natural Resources and Environment
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Morris:

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) appreciates the opportunity to respond to the U.S. Government Accountability Office (GAO) draft report GAO-24-106337, "Foreign Investments in U.S. Agricultural Land: Enhancing Efforts to Collect, Track, and Share Key Information Could Help Better Identify National Security Risks," received December 4, 2023. The report examines USDA processes associated with the Agricultural Foreign Investment Disclosure Act (AFIDA) and linkages with the Committee on Foreign Investment in the United States (CFIUS).

The items below address the six GAO recommendations. USDA has provided comments on specific items in the GAO report in separate correspondence to GAO.

RESPONSES TO GAO RECOMMENDATIONS:

Recommendation 1—The Secretary of Agriculture should ensure that the Administrator of FPAC-BC, in coordination with relevant CFIUS member agencies, establish a process to provide detailed and timely AFIDA transaction data relevant to foreign investments in agricultural land to CFIUS member agencies including DOD and Treasury. Such information could include whether a party has filed a disclosure, who filed it, and when it was filed.

Response 1—USDA agrees with this recommendation. The Department has procedures in place for ensuring that AFIDA transactions are flagged for CFIUS review and that our CFIUS partners are aware of agricultural interests. When an FSA-153 filing from a Chinese, Russian, North Korean, or Iranian investor is received by AFIDA staff at USDA headquarters, the entire FSA-153 filing is sent to counterparts in the Department of Defense and the FBI. The filing is also shared with USDA's Office of Homeland Security. Without an appropriation of funding sufficient for development and maintenance of an online filing portal, it will be difficult to provide more real-time filings except through the manual process (scanning and e-mailing) described earlier in this paragraph. If funding becomes available for a filing portal, the Farm Production and Conservation-Business Center (FPAC-BC) will work to ensure that our inter-agency partners have access to more real-time data, either directly through the portal or through weekly or monthly FSA-153 filing summaries.

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Appendix III: Comments from the Department
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STEVE D. MORRIS
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Recommendation 2 *The Secretary of Agriculture should direct the Administrator of FSA, as FPAC-BC updates the AFIDA handbook, to clarify and provide specific instructions to headquarters and county employees for completing AFIDA responsibilities, including reviewing the accuracy of forms and identifying missing information.*

Response 2—USDA agrees with this recommendation. AFIDA staff in FPAC-BC are currently working on updating the existing 1-AFIDA handbook. In addition, a *Federal Register* announcement posted on Friday, December 15, 2023, requests public input on proposed revisions to the FSA-153 (AFIDA reporting) form, plus feedback on specific issues associated with both the existing and proposed form. After responses are received from the public and a revised, updated FSA-153 form is cleared through the Executive Branch process, USDA will make necessary revisions to the 1-AFIDA handbook and provide complete instructions to AFIDA filers and headquarters/county employees who work on AFIDA.

Recommendation 3 *The Secretary of Agriculture should direct the Administrators of FPAC-BC and FSA to jointly complete an analysis to determine the extent to which the agency can satisfy the requirements of the Consolidated Appropriations Act, 2023 to create an AFIDA online submission system and public database within its expected budget. If the analysis shows that the agency would be unable to meet the requirements of the Consolidated Appropriations Act, 2023, USDA should report the results to Congress and recommend appropriate legislative changes.*

Response 3—USDA agrees with this recommendation and has communicated to Congress the urgent need for funding on multiple occasions over the past year. In addition, and in the absence of funding, USDA has communicated to the Senate and House Agriculture committees and the Senate and House Agricultural Appropriations committees, as well as GAO, our efforts to modernize AFIDA in line with the Consolidated Appropriations Act, 2023. In June 2023, Excel spreadsheets for each year from 2010 to 2021 containing the detailed data underlying the annual reports to Congress were posted on the FSA website; this effort was what could be done given the absence of funding in the Consolidated Appropriations Act, 2023. In addition, we developed a proposed, revised FSA-153 (AFIDA filing) form, which was posted in the *Federal Register* on Friday, December 15, 2023. This announcement requests public comment to ensure that we are capturing the most appropriate data and is a first step in online portal development. Should funding be provided for an online filing portal to be created and maintained, USDA needs to ensure that we are capturing the best possible data—including more information on leaseholds and the impacts of foreign investment on U.S. farms and rural communities. The *Federal Register* document asks for input on these items, as well as other information. Beyond revising and updating the FSA-153 form, we have communicated to Congress that we cannot make progress on IT development until funding is provided for IT system creation and additional IT staffing.

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Recommendation 4 *The Secretary of Agriculture should direct the Administrator of FPAC-BC to improve its verification and monitoring of collected AFIDA data, such as reviewing and validating information throughout the AFIDA data collection process.*

Response 4—USDA agrees with this recommendation. In late September 2023, AFIDA staff met with Performance, Accountability, and Risk (PAR) staff, also in the FPAC-BC, to discuss the review and validation of AFIDA data. Going forward, PAR staff will focus on three “buckets” of potential AFIDA data errors: 1) data entry errors from the hard copy FSA-153 forms to the existing Access database; 2) errors made by filers that are not caught by AFIDA staff; and 3) stale data in the AFIDA database that do not match current property tax records. In addition to spot checks, PAR will recommend internal control actions that may be undertaken to add additional rigor to AFIDA processes. PAR staff plan to begin this work in earnest in early 2024.

Recommendation 5 *The Secretary of Agriculture should direct the Administrator of FPAC-BC, in coordination with the Administrator of FSA, to continue pursuing data monitoring activities that compare AFIDA data to FSA program data to identify suspected non-filers.*

Response 5—USDA agrees with this recommendation. In the fall of 2023, the FPAC-BC matched FSA farm program data identifying those flagged as non-U.S. citizens and non-permanent residents with those who are AFIDA filers. For landowners who appear to need to file, but for which we have no FSA-153 form on file, local FSA offices took steps to reconcile individual situations (for example, those who became permanent residents or who were deceased). For those situations where local FSA staff could provide no insights, FPAC-BC headquarters staff sent a letter informing the recipient of AFIDA filing requirements. We have heard back from very few people (or companies) that were contacted. Most letter recipients have very small acreage (10-20 acres). It is possible that many letter recipients discerned that they could face a large penalty (up to 25 percent of the fair market value of the land) and decided to not respond, thinking that the U.S. government is not going to pursue them for such small acreage. It is also possible that low-resourced producers may not be able to fully respond to the letter. Given the low response rate, and that few new foreign persons are likely to emerge from this process on a year-to-year basis, we intend to engage in this process periodically (but not annually).

Recommendation 6—*The Secretary of Agriculture should direct the Administrator of FPAC-BC to ensure its AFIDA reporting is clear and complete, such as incorporating country information from additional foreign persons beyond the primary investor when available.*

Response 6—USDA has concerns with this recommendation without additional financial resources and personnel to create and maintain an online filing portal. For the 2024 report, containing data through December 31, 2023, we will provide data on secondary and higher interests associated with Chinese, Russian, Iranian, and North Korean interests. This would apply only to new filings received in 2023 as developing these data back to 1978 would

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require manually reviewing all historical paper FSA-153 filings and manually entering all Chinese, Russian, Iranian, and North Korean data for any tier reported by investors from those countries. A manual check of this scope is infeasible without additional financial resources and personnel. However, doing so for the four high-priority countries is manageable for new filings starting in 2023 and going forward. Note that, to develop detailed acreage data with secondary (and higher) interests in mind, USDA would have to weight the acreage data by country for each filing (or else the final report would over-report acreage). With a manual process, this would be very time consuming and likely prone to error. To accurately capture secondary and higher interests for ALL countries, we would need an online filing portal with the burden placed on the filer to accurately develop this information.

Sincerely,



GLORIA MONTAÑO GREENE
Deputy Under Secretary
Farm Production and Conservation

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contacts

Kimberly Gianopoulos, (202) 512-8612, or GianopoulosK@gao.gov
Steve Morris, (202) 512-3841, or MorrisS@gao.gov

Staff Acknowledgments

In addition to the contact named above, Christina Werth (Assistant Director), Thomas Cook (Assistant Director), Jaime Allentuck (Analyst in Charge), Brian Hackney (Senior Analyst), Cory Ryncarz (Analyst), Larissa Barrett, John Bommann, Kevin Bray, Neil Doherty, Bahareh Etemadian, Grace Lui, Terry Richardson, and Miranda Riemer made key contributions to this report. Other contributors to this report include Ming Chen, Steven Flint, Jeff Isaacs, Heather Miller, Ben Moser, and Meghan Perez.

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Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

Strategic Planning and External Liaison

Stephen J. Sanford, Managing Director, spel@gao.gov, (202) 512-4707 U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548



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OPINION > CONGRESS BLOG

THE VIEWS EXPRESSED BY CONTRIBUTORS ARE THEIR OWN AND NOT THE VIEW OF THE HILL

Washington, don't tread on states' Ag rights

BY SID MILLER, OPINION CONTRIBUTOR - 02/16/24 4:30 PM ET

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Piglets scrambling to eat food at a pig farm.

Recent events reminded me of a saying we have here in Texas, "Let Texans run Texas." This declaration is a reminder of the importance of states' rights, why we must protect our sovereignty, and each and every state's Constitutional right to determine their own laws based upon what is best for that state. It's a reminder that we are, indeed, the United States of America.

That's also why I've expressed my opposition to a bill in Congress, [H.R. 4417](#), the Ending Agricultural Trade Suppression (EATS) Act, or anything like it. I realize the EATS Act is largely in response to California's misguided [Proposition 12](#), a ballot measure California voters passed setting needless standards on pork, veal, and eggs sold in the state, which [came into full effect on Jan. 1](#).

While I don't agree with Prop 12, I'll defend to my dying day California's right to self-determination, and any state's ability to use its constitutional authority as that state's citizens best see fit.

So, while I understand the motivation for congressional leaders to want to rein in California, the EATS Act or something similar is a massive overreach of federal power. And it's not a surprise that I am a proponent of less government and letting the states create and enforce laws that work for them, instead of DC politicians and bureaucrats doing it for us.

The bill's language is dangerously vague and could have the effect of taking authority over agriculture away from Texas — and federalize and centralize that authority in Washington, D.C. I don't need to tell you why that's a bad idea. The EATS Act would almost certainly trigger years of litigation, and could cost our hard working farmers and taxpayers alike millions of dollars they will never see again.

So, while my stand on states' rights, and specifically Texas' rights, may put me at odds with some well-meaning farm and agriculture groups who support EATS, it doesn't change the fact that the EATS Act, or anything like it, is an overreach of federal government powers over the nation's agriculture industry, holistically, and each state's agriculture laws, individually.

state agriculture laws already in place that protect the health and livelihood collectively of millions of Americans. Just because California does something stupid, the people of Texas shouldn't be penalized. Let's stick with the Constitution and states' rights, and let Texans run Texas.

An eighth-generation Texas farmer and rancher, Sid Miller is the 12th Commissioner of the Texas Department of Agriculture (TDA). A twenty-four-time world champion rodeo cowboy, he has devoted his life to promoting Texas agriculture, rural communities and the western heritage of Texas.

TAGS 10TH AMENDMENT ENDING AGRICULTURAL TRADE SUPPRESSION (EATS) ACT
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QUESTIONS AND ANSWERS

FEBRUARY 28, 2024

U.S. Senate Committee on Agriculture, Nutrition, and Forestry

Oversight of the U.S. Department of Agriculture

February 28, 2024

Questions for the Record

The Honorable Thomas J. Vilsack

Chairwoman Debbie Stabenow

1. **Crop Insurance Rating:** Crop insurance is a critical risk management tool for Michigan producers, and I appreciate USDA working to expand products and access to include more crops and farmers. Some growers in my state – including dry bean and apple producers – are concerned about the cost of their crop insurance premiums.

- a. Rates charged for apple crop insurance policies in some Michigan counties are significantly higher than in other apple producing states despite similar loss ratios. How does USDA establish premium rates for apple crop insurance policies? Are there any unique factors that might explain discrepancies in rates among growing areas of the same crop and similar loss experiences?

RESPONSE: Generally, premium rates for all crops are established using history to estimate future losses. Premium rates are lower for producers with a better loss history. Irrigation practices, crop variety, regional differences, and other details can also make a difference. RMA would be glad to give more information if specific counties and other regions are provided to better understand the concern.

- b. Michigan dry bean growers similarly feel their rates are too high, and they're aware after the most recent RMA review of dry bean rates that their premiums will largely decrease. They remain concerned about the slow pace to reach the appropriate rate and in the meantime will be overcharged. How quickly can USDA get to the appropriate rates? Are there statutory or regulatory limits on the amount of a reduction to premium rates?

RESPONSE: RMA is reviewing the dry bean rates for the 2025 crop and will decrease rates to the maximum extent possible for the 2025 crop year. There are no statutory or regulatory limits on the reduction of premium rates provided they are actuarially sound.

2. **Whole Farm Revenue Protection:** 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. RMA published a manager's bulletin on January 30, 2024, stating "RMA continues to hear from producers who cannot find an agent who will sell and service a WFRP or Micro Farm policy."

- a. Can you explain how the Department will work to ensure that all producers have access to the full suite of available crop insurance options, including WFRP and Micro Farm policies?

RESPONSE: RMA will continue to listen to farmers and provide outreach and education. Over the last three years, RMA has held roadshows and listening sessions for Whole Farm Revenue Protection and Micro Farm policies, livestock, apples, prevented planting, and other topics. These types of events, both in-person and virtual, allow for direct feedback to understand how RMA can improve policies but also to hear whether producers can access these policies. The January 30, 2024, Manager's Bulletin was a direct result of RMA hearing from producers about their issues accessing an agent. RMA will continue this type of direct outreach.

Similarly, RMA will continue to build upon innovative partnerships like Building Resiliency, the Navigator Program, and Risk Management Education. This Administration has invested \$13 million in these partnerships since 2021 and will announce another round of partners this summer. Building Resiliency seeks to train and place agents in underserved communities to build trust and encourage participation in crop insurance. Similarly, the Navigator Program helps connect producers with information about available crop insurance options and how to obtain coverage. Finally, RMA will continue to educate producers through Risk Management Education partnerships, which provide specific trainings on topics such as Whole Farm Revenue Protection and Micro Farm.

- b. We have also heard concern from some producer and industry stakeholders about the need for certainty and consistency up front at the beginning stages of writing WFRP policies, particularly around pricing documentation. What can RMA do to provide more certainty and clarity to producers, agents, and the approved insurance providers?

RESPONSE: In 2018, RMA updated the WFRP policy and procedure by adding the Expected Value and Yield Source Documentation Certification, which was the result of collaboration between producers, agents, and Approved Insurance Providers. This certification identifies the sources used to establish commodity-specific expected values and yields and informs the insureds of the documentation needed to support the value and yields if requested. Since the implementation of this certification, concerns regarding this issue have been limited. RMA

would welcome specific feedback from producers, agents, and Approved Insurance Providers on what additional certainty is needed.

3. **Sugar:** There are 900 grower-owners of Michigan Sugar Company, which employs more than 1,000 year-round employees at five processing and warehouse facilities across the state. Michigan's sugar industry appreciates USDA's longstanding efforts to administer the U.S. sugar program. The USDA recently announced it will increase before April 1 the 2024 raw cane sugar tariff-rate quota (TRQ) by 125,000 metric tons. Section 359k of the Agricultural Act of 1938 limits changes to the announced quota. The USDA announcement came after a February 2024 report increasing the sugar stocks-to-use ratio to 14.2% from 13.7%.

- a. How did USDA determine an emergency shortage of sugar in increasing the raw sugar TRQ before April 1?

RESPONSE: Section 359k(b) of the Agricultural Act of 1938 requires the Secretary to take action to increase the supply of sugar if, before April 1, there is an emergency shortage of sugar in the United States market that is caused by a war, flood, hurricane, or other natural disaster, or another similar event as determined by the Secretary. USDA did not determine that there is an emergency shortage of sugar in the U.S. market. As referenced in the announcement, USDA increased the World Trade Organization (WTO) raw sugar tariff-rate quota pursuant to the Secretary's authority under additional U.S. note 5 of Chapter 17 of the Harmonized Tariff Schedule of the United States.

- b. Please explain the discrepancy in the tariff-rate quota announcement and the statutory requirement.

RESPONSE: There is no discrepancy between the tariff-rate quota announcement and the statutory requirement. The Secretary is authorized under additional U.S. note 5 of chapter 17 of the Harmonized Tariff Schedule of the United States to modify the WTO sugar tariff-rate quota whenever the Secretary believes that domestic supplies of sugars may be inadequate to meet domestic demand at reasonable prices.

- c. Was the stocks to use ratio within the traditional range of 13.5% and 15.5% at the time of this change? What is the revised estimated stocks to use ratio with the additional access?

RESPONSE: Yes, the stocks-to-use ratio forecast for 2023/24 in the February WASDE report was 14.2 percent. The revised 2023/24 stocks-to-use ratio in the March 8 WASDE report, which

reflects the increase in the WTO raw sugar TRQ and other changes to the balance sheet, is forecast at 13.4 percent.

Ranking Member John Boozman

1. USDA recently sent letters to 47 states raising concerns with their administration of SNAP, particularly about delayed processing, overpayment, or underpayment of benefits. SNAP applicants and their families should not suffer due to delayed processing of benefits by states, and the fact that USDA sent letters to nearly all states participating in SNAP calls into question the Department's oversight of the program.
 - a. I understand that USDA has previously offered states guidance, training, and technical assistance, and required them to submit corrective action plans. What is USDA doing differently moving forward to help support states and hold states accountable for delayed processing of benefits, overpayments, and underpayments?
 - b. What is USDA prepared to do to hold accountable states that, over the course of several years, consistently overpay or underpay benefits, or delay processing of benefits?

RESPONSE: I agree that timely and accurate SNAP processing is critical to meeting the nutrition needs of low-income families and protecting the integrity of SNAP. USDA will continue to work collaboratively with States to improve their performance and hold them accountable for fulfilling their obligations to deliver timely, accurate SNAP benefits as quickly and efficiently as possible.

While the administration of SNAP is, by law, a State responsibility, USDA takes its oversight and monitoring role of State performance seriously and is proactively engaging with States on these issues. Specifically, USDA is working to support States in a variety of ways. In addition to sending Federal teams for State visits, USDA is providing extensive training, guidance, and tailored assistance to help State and local SNAP agencies identify and address the root causes of payment errors; updating guidance on effective practices and innovative strategies, including providing more real-world examples of payment accuracy strategies that have worked in the past; and establishing frequent communication with States on corrective actions and opportunities for targeted improvement.

On September 30, 2023, USDA also awarded a national contract to Equifax and Experian to provide participating States with expanded access to payroll databases to verify applicants' and participants' employment and earnings. During the base year, USDA will monitor and evaluate these services to inform decisions about future contract options and the best use of funding to

support States. USDA continues to assess ways to help States improve income verification for SNAP applicants and recipients, with the goals of helping to reduce payment errors and improve the timely processing of applications and recertifications.

While these steps are intended to ensure States deliver benefits in the right amounts, to the right individuals, and in the required periods of time, there are additional accountability measures for States that do not do so.

States with payment error rates over six percent are required to develop and execute a corrective action plan to target the root causes of those errors. Additionally, States with high payment error rates two years in a row are subject to liability amounts. In these cases, the State must either pay the Federal government the assigned penalty amount in full or invest half of the amount into efforts to address the root causes of their payment errors. The remaining half is held for another year, and if the State continues to have a high payment error rate, the State is required to pay the remaining balance back to USDA.

In August 2023, USDA released updated guidance for improving State application processing timeliness rates, which reminds State agencies of the escalation procedures FNS will take to monitor and engage States on poor initial application processing timeliness rates. States with persistently low timeliness rates are required to submit a corrective action plan to FNS. If States fail to meet the benchmarks set through the timeliness corrective action planning process, FNS may issue warnings with specific milestones to be met for improvement. If those milestones are not met, FNS may issue a formal warning letter, alerting the State that its Federal SNAP administrative funds are at risk if it does not meet certain benchmarks. Ultimately, USDA could take action to suspend or disallow Federal funds afforded to a State agency—though our shared goal is for the many steps and tools outlined above to more quickly resolve State issues with the timely and accurate delivery of SNAP benefits.

2. The SNAP Quality Control process seeks to assess the accuracy of SNAP state agencies' determination of a household's eligibility and benefit amount. According to Section 13 of the Food and Nutrition Act, if a household is found to have received an over issuance of benefits without any member of the household being found ineligible to participate in the program due to fraud, state agencies are directed to collect the over issuance of benefits.
 - a. What is the process state agencies currently follow to delineate between fraudulent and nonfraudulent over issuances of benefits?

RESPONSES: States are required to correct payment errors – meaning participants must generally pay back overpayments to the State, and the State must reimburse participants for underpayments – so that each household gets the correct amount based on their circumstances.

Payment errors are largely due to unintentional mistakes by either the State agency or a household, rather than an intentional program violation such as an applicant misrepresenting or deliberately withholding relevant information during the application process. For example, errors can be a result of clerical mistakes by the State agency, such as when a staff member incorrectly calculates a household's expenses or misinterprets a State or Federal policy. Errors can also result from a participant inadvertently providing inaccurate or incomplete information about their circumstances, thereby causing the household to receive an incorrect benefit amount.

All SNAP Quality Control cases that are identified as overpayments are referred for further review. States have the responsibility for reviewing and assessing potential overpayments and establishing claims. They must also investigate any case of alleged intentional program violation, ensuring that appropriate actions are taken either by conducting an administrative disqualification hearing or referring the case for prosecution. Generally, less than one percent of SNAP participants are annually referred for an administrative disqualification hearing or prosecution due to an alleged intentional program violation. States have a formal investigation process, and there are strict consequences when State investigators find clear and convincing evidence of fraud. For example, when a State finds that a SNAP participant committed fraud by intentionally violating program rules, such as by purposely falsifying income or identity information on their application, the participant is required to repay benefits, is disqualified from receiving SNAP, and may face criminal prosecution.

3. SNAP had a nearly 10% overpayment rate in fiscal year 2022. At that rate, billions of dollars annually will be going to households who are not eligible for those benefits and historically states have been unsuccessful in fully reclaiming those erroneous payments back to the Treasury.
 - a. What initiatives should Congress pursue as part of the farm bill reauthorization to reduce the SNAP error rate and ensure those eligible for SNAP receive the correct benefit amount?

RESPONSE: USDA is working aggressively to help States accelerate their progress on reducing payment errors. While many of the issues that contributed to the FY 2022 error rate – including pandemic-related program changes and State staffing challenges – are ongoing and will take time to address, we expect error rates will improve over time as States implement corrective actions to address the root causes of their errors.

Minimizing payment errors as quickly and efficiently as possible is vital to strengthening program integrity so that participants receive the correct benefit amount, and the program remains a good steward of taxpayer dollars. To that end, USDA has been working diligently to support States in reducing payment errors by establishing frequent communication with States on

corrective actions and opportunities for targeted improvement; notifying States that they are at risk of being assessed liability amounts if they do not lower their error rates; providing extensive training, guidance, and tailored assistance to help all State and local SNAP agencies identify and address the root causes of errors; updating guidance on best practices to improve payment accuracy, including providing more real-world examples of strategies that have worked in the past; and facilitating peer-to-peer learning opportunities so State agencies can learn from other States with similar characteristics or challenges. In the President's FY 2025 Budget, USDA proposed additional investments to improve payment accuracy and enhance program integrity. These proposals include funding for quality control and computer systems to support State access to SNAP integrity tools and establishing a new Office of Training and Development to support States in resolving payment accuracy issues. As always, USDA stands ready to provide technical assistance to Congress as they consider the Administration's program integrity funding proposals or explore other legislative actions.

4. As a co-chair of the Senate Recycling Caucus, reducing food waste and loss is a priority, especially when there are hungry Americans in need of food. Making the most of the agriculture and food supply chain is efficient and economically beneficial. Rendering has long been part of that process and helps make the most of animal byproducts. In recent federal food waste and loss efforts, rendering is no longer part of the "Draft National Strategy for Reducing Food Loss and Waste and Recycling Organics," or the updated Wasted Food Scale from the Environmental Protection Agency (EPA).
 - a. Why was rendering excluded from EPA's food loss and waste reduction plans? What was USDA's involvement in this decision?
 - b. In 2015, USDA joined with the EPA to set a goal for the nation to cut its food loss and waste by 50 percent by the year 2030. Without the U.S. rendering industry, it is estimated that our nation's landfills would be filled in just four years. Mr. Secretary, how does this Administration plan to meet its 2030 goal to halve food loss and waste without rendering?

RESPONSE TO BOTH: USDA, EPA, and FDA released the draft National Strategy in December 2023 and are currently incorporating input from the public comment period to develop a final National Strategy. The primary focus of the draft was on the strategies that the three agencies would take. The draft currently includes increasing the recycling rate for all organic wastes (including food waste) as a top objective of the Strategy. The draft notes that certain types of organic waste can be converted to animal food, composted, anaerobically digested, or converted into energy or other products – some of these activities point to rendering's central role in achieving food waste goals. We will be looking for additional opportunities to reference rendering's important role as a food waste management pathway.

5. Several states have reported continued issues with USDA Foods in Schools and the procurement process. The Government Accountability Office published a report in June 2023 and 28 states reported major challenges with delivery issues, including cancellations, delays, and receiving less than their full order. GAO made three recommendations for USDA, but none have been completed by the Department.

- a. What improvements has the Department made to ensure the USDA Foods in Schools program is operating as intended?

RESPONSE: GAO recommended USDA 1) routinely identify and address challenges in the USDA Foods in Schools program; 2) establish guidelines for timely communication with State agency partners; and 3) share best practices and lessons learned related to the program. FNS has worked diligently to implement changes in response to these recommendations and ensure the USDA Foods in Schools program is operating successfully.

To identify and address challenges in the USDA Foods in Schools program, USDA has engaged in a variety of discussions with vendors supplying USDA Foods to better understand what changes can be made to ensure successful procurement and delivery of foods through this program. As a result of these opportunities to provide feedback, USDA has made changes to minimize cancellations and delays such as by updating USDA Foods product specifications and procurement timelines, as well as exploring new procurement methods.

USDA has also increased communication with State agency partners and other stakeholders, sharing information about delays and cancellations caused by weather-related issues, trucking challenges, labor shortages, and other similar supply chain issues. In addition, USDA continues to send out monthly program update emails and host quarterly meetings with State agencies to provide program updates, policy reminders, technical assistance, and resources available to ensure USDA Foods in Schools is operating as intended. These routine communications are in addition to daily email and phone calls with stakeholders to provide individual technical assistance and address questions, demonstrating how USDA engages with stakeholders throughout the year to identify areas of concern and solutions.

To share best practices and lessons learned, USDA provides training and technical assistance to State agencies and schools through a variety of forums, including in person conferences such as the American Commodity Distribution Association (ACDA) annual conference, School Nutrition Association (SNA) Annual National Conference, and Regional and State meetings.

USDA continues to identify and document additional opportunities to routinely and systematically collect information on challenges pertaining to USDA Foods in Schools, whether

through existing data collections or new opportunities. This documentation assists in further developing training and providing more specific technical assistance to address any new challenges identified.

6. Several states report having money left over due to the issues in the procurement process for USDA Foods. Please send a list of states who did not use all of their USDA Foods in Schools funding and the remaining balance for each state for school years 2015-16 through 2022-23.

RESPONSE: USDA Foods funds carryover to the next year. In managing USDA Foods funds, State agencies routinely monitor and assess needs throughout the school year and often carry a positive or negative balance into the next school year. Across school year 2015-2016 to school year 2022-2023, State agencies spent between 86% and 100% of entitlement funds with the exception of school year 2020-2021 when State agencies spent 79%, attributed to low participation during COVID-19 related school closures and supply chain challenges.

On March 28, 2024, FNS provided Senate Committee on Agriculture, Nutrition and Forestry staff a table with the state-by-state breakout of USDA Foods remaining balances for school years 2015-2016 through 2022-2023.

7. Does USDA consider its “First-of-its-Kind National Forest Plan Amendment to Conserve and Steward Old Growth Forests” published in the Federal Register (88 FR 88042) to be part of a rulemaking process under the Administrative Procedures Act or the Congressional Review Act?
 - a. If so, when does USDA anticipate publishing a proposed rule for public comment?
 - b. If not, please provide a full explanation with corresponding statutory citations on the classification, description, and Administrative Procedures Act or Congressional Review Act exemption covering this agency action.

RESPONSE TO BOTH: The proposed National Old Growth Amendment for the conservation and stewardship of old-growth forest conditions is not a Federal Rulemaking but rather is a proposed amendment to all 128 Land Management Plans throughout the National Forest System. Land management plans are made up of a suite of plan components designed to address a multiple-use framework to ensure ecological integrity, and to provide for social and economic sustainability. Land Management Plans create an integrated resource management approach and allow the Forest Service to adapt to changing conditions, including climate change, and improve management based on new information and monitoring. While Land Management Plans are to be

revised on a semi-regular basis, Land Management Plans may be amended at any time (36 CFR 219.13(a)) and the Forest Service may do so “in any manner whatsoever after final adoption [of the land management plan] and public notice.” (National Forest Management Act of 1976, 16 U.S.C. 1604(f)(4)).

The amendment of Land Management Plans is governed by Forest Service planning regulations (36 CFR 219), also referred to as the “2012 Planning Rule.” *As to the Congressional Review Act, respectfully, USDA’s longstanding practice and interpretation has been that land management plans do not constitute rules under the CRA.*

8. How many Emergency Action Determinations has USDA made under the Infrastructure Investment and Jobs Act (IIJA) (Sec. 40807) and how many acres of National Forest System (NFS) lands have been treated under this authority?

RESPONSE: In December 2022 I signed an Emergency Action Determination (EAD) in support of the Wildfire Crisis Strategy which covered 27.7 million acres.

9. How many acres of fuel breaks has USDA established or maintained on NFS lands under the IIJA’s 3,000-acre fuel break categorical exclusion (Sec. 40806)?

RESPONSE: The Agency has 60 active projects using the Fuel Breaks CE category. Twenty-eight projects are currently in implementation or completed. Thirty-two projects are in environmental compliance. As of March 15, 2024, there are a total of 60,273 acres treated with this CE. During FY22 5,976 acres were treated and in FY23 34,261 acres were treated. Average number of acres approved per Decision Memorandum in FY22 was 1,494; during FY23 was 2,284 acres, and 2,226 acres to date for FY24. There are 85,654 acres planned for FY24.

10. Has USDA made a determination on whether to initiate the preparation of a programmatic environmental impact statement, required within 90 days of completion of the Wildfire Prevention Study under Sec. 40803?

RESPONSE: The Bipartisan Infrastructure Law (BIL) in Subsection 40803(i)(1), directs the United States Department of Agriculture (USDA) to initiate a study of the construction and maintenance of a system of strategically placed fuel breaks to control wildfires in western States. BIL Subsection 40803(i)(3) directs the Secretary of Agriculture to determine no later than 90 days after completion of the study on fuel breaks, whether to initiate the preparation of a programmatic environmental impact statement (PEIS) implementing the system described in Subsection 40803(i)(1).

The study titled “*A review of fuel breaks to facilitate control of wildfires in the western United States,*” prepared by the USFS Research and Development and Washington Office Fire and

Aviation Management, highlights the following points: fuel break effectiveness is dependent on the availability of suppression resources in containing a wildfire and even then fuel break effectiveness depends on multiple factors including weather and fire behavior, particularly in forests. Fuel break networks may aid in keeping some fires small, but there has been no systematic evaluation of this in the western United States. Systems of fuel breaks can be thought of as one component of a landscape-scale fire management strategy that would depend upon additional landscape treatment areas to moderate fire behavior under the inevitable extreme conditions. The greatest value of fuel breaks may be to augment containment lines adjacent to highly valued resources and assets, or in systems where landscape fuels have been reduced and/or are not conducive to extreme fire spread events, though in those cases, regular maintenance will still be required.

Due to the availability of NEPA categorical exclusions, BIL and HFRA authorities, the agency determined a Programmatic EIS is not necessary for the construction and maintenance of a system of strategically placed fuelbreaks to control wildfires in western States since fuelbreaks alone are not effective. Fuelbreaks are one component of a landscape-scale fire management strategy that depend upon additional landscape treatment areas. Given the existing authorities, USFS can accomplish NEPA compliance by leveraging existing tools and efficient project-level reviews.

11. How many USDA IIA projects on NFS lands include timber harvests?

RESPONSE: Multiple provisions of the Infrastructure Investment and Jobs Act and the Inflation Reduction Act benefit our timber management program. These funds are additive to our already existing program of work and act as a force multiplier to accomplish more on-the-ground activities so that we can have a robust timber sale pipeline into the future. Funds from IIA/IRA are used to perform such activities as NEPA planning, sale designation and marking, and numerous other presale activities.

12. USDA recently finalized its rule on Transparency in Poultry Grower Contract and Tournaments. Both poultry companies and growers are raising concerns about the lack of information USDA has provided related to the new contract requirements, injecting regulatory uncertainty into the poultry industry. What additional guidance does USDA intend to provide on this rule, and how will USDA take into account the economic and regulatory burden it is placing on the meat and poultry sector with forthcoming rules that go significantly beyond the mandate provided from Congress under the Packers and Stockyards Act?

RESPONSE: On February 7, 2024, the Agricultural Marketing Service (AMS) published a Frequently Asked Questions (FAQs) document regarding this rule to its site. AMS also hosted

two webinars to share information about the rule, the first on December 20, 2023, primarily for poultry companies, and the second on March 7, 2024, for growers. Both webinars are posted on the AMS site. In addition, AMS has met with regulated entities on several occasions and continues to address compliance questions from the industry. Finally, AMS established an email portal, AskPSD@usda.gov, for stakeholders to send their questions regarding the final rule. AMS will provide answers to questions by updating the FAQs.

13. Can you speak to how much additional conservation funding could be realized and therefore how many more producers could access conservation programs if the remaining Inflation Reduction Act dollars were rescinded and brought into the conservation title as baseline funding? If these funds are not brought into the farm bill baseline and not available to use for future farm bills, what would the effect be on producer access to NRCS conservation programs once the IRA funds are either spent or the 2031 spending deadline is reached?

RESPONSE: If available IRA funds were rescinded, producer access would decrease.

Conservation Technical Assistance (CTA): There are approximately \$703 million of CTA-IRA funds remaining under the IRA authorization. These funds provide the agency with the ability to continue critical activities to support the full implementation of conservation planning, as directed by statute, and address strategic priorities related to Climate and Equity. If these CTA-IRA funds are not available, the agency would not be able to provide service to approximately 408,000 farmers and ranchers on 272 million acres for the remaining years of the IRA authority.

Agricultural Conservation Easement Program (ACEP): ACEP continues to be oversubscribed. At the end of fiscal year 2023, there were 2,955 unfunded applications covering over 500,000 acres. The remaining IRA funding through fiscal years 2025 and 2026 is more than the current Farm Bill baseline and would allow for at least double the number of agreements and acres enrolled in FY 2025 and 2026 reaching approximately 21 percent of the applicants. The ACEP program would still be oversubscribed but would provide more landowners access to the program. If the funding from the Inflation Reduction Act were not available for use, around 11 percent of the applicants would continue to be funded annually using the current Farm Bill baseline amount.

Conservation Stewardship Program (CSP) and Environmental Quality Incentives Program (EQIP): CSP and EQIP have a demand level that exceeds the current available funding levels. The table below shows the unmet demand for the CSP and EQIP at the end of fiscal year (FY) 2023.

FY 2023 Unmet Application Demand

FY 2023

Program	Unfunded Valid Applications ¹	Estimated Funding Needs
CSP	15,017	\$1,150,510,420
EQIP	74,532	\$3,603,370,836

1/ Applications that are eligible for funding but were unable to be funded due to lack of funds or deferred at the participants request.

The table shows that the demand for funding far exceeded the funding available for FY 2023. Available Farm Bill and IRA funds in FY 2024 currently stands for approximately \$900 million for CSP and \$2 billion for EQIP. NRCS will perform outreach and accept applications through the remainder of FY 2024. NRCS anticipates the demand will continue to exceed the available funds. The impact of the IRA funds not being brought into the farm bill baseline or not being available for future obligations would decrease the number of potential CSP and EQIP contracts. The impact over the next two fiscal years is estimated to be 19,000 fewer CSP contracts and 65,000 fewer EQIP contracts.

The Regional Conservation Partnership Program (RCPP) received a record ask of \$2.2 billion during the FY 2023 funding opportunity. Through the additional IRA funding, we were able to fund 81 projects with \$1 billion in combined farm bill and IRA funding. If the IRA funding were rescinded without incorporation into the farm bill, then NRCS would fund significantly fewer projects and potentially at less than the partner request. This would hinder the ability of the program to effectively distribute projects in as many states as possible and within the eight critical conservation areas.

14. Poultry products from dozens of states continue to be blocked from the Chinese market due to Highly Pathogenic Avian Influenza. In USDA's view, is China holding up to its commitments from the U.S.-China Phase One Agreement, including the regionalization agreement signed in March 2020, to allow unaffected regions to continue to be eligible for access to the Chinese market? If not, when did USDA last engage directly, both at technical and senior levels, with your Chinese counterparts to hold them accountable to their commitments? What is USDA's plan for pressing China to meet its commitments related to poultry access moving forward?

RESPONSE: USDA works diligently to facilitate exports globally and continues to press forward to remove as many barriers to trade as possible. In October and November 2023, the

Peoples Republic of China (PRC) updated registration lists for the first time since 2022, including new facilities that are preparing to ship “cooked paws”. There are still 31 U.S. states that are under HPAI-related restrictions. As of March 2024, the PRC has not removed state-level HPAI import suspensions on multiple states that already meet the criteria for HPAI freedom under the 2020 bilateral protocol. The PRC remains the second leading market for U.S. poultry exports, despite serious challenges related to HPAI-based restrictions. In 2022, U.S. poultry export sales totaled nearly \$1.1 billion, making PRC the second largest foreign market for U.S. poultry and poultry products, following Mexico. To date, APHIS-Beijing has submitted HPAI release letters and supporting documents for 27 U.S. states that are eligible to export according to the terms of the protocol. USDA has also addressed this at senior levels, including most recently during Secretary Vilsack’s January 2024 meeting with Tang Renjian, Minister of Agriculture and Rural Affairs. USDA also coordinates closely with the Office of the U.S. Trade Representative on this issue, given that it relates to a PRC commitment under the Phase One Agreement.

15. Mr. Secretary, at the hearing on February 28, you shared you expect USDA will extend the Time-Limited Trial for poultry plants operating with a modified line speed waiver beyond the current March 31 deadline. When will USDA officially notify poultry plants of the extension and what will be the updated deadline for the trial? When does USDA anticipate making a final decision on line speeds for poultry plants?

RESPONSE: On March 15, FSIS announced that it is extending the modified line speed waivers for poultry plants through November 15, 2024. This extension will allow the worker safety experts to complete establishment visits, analyze data, produce a report of their findings, and USDA/FSIS to decide on the next steps regarding line speeds in poultry establishments.

16. The Rio Grande Valley Sugar Cane Growers Cooperative, the last remaining sugar facility in Texas, recently announced its closure after 51 years of production. The erosion of domestic agricultural production, related infrastructure, and surrounding rural communities cannot continue. What engagement did USDA have with the Cooperative, related stakeholders, and other federal agencies ahead of the Cooperative’s closure?

RESPONSE: USDA/FSA entered into a cooperative agreement with the Rio Grande Valley Sugar Cane Growers (RGVSG) to assist grower members in recovering from eligible losses caused by natural disasters occurring in 2022. Under this agreement, RGVSG can provide direct assistance to eligible growers for those losses.

On February 9, 2024, the Risk Management Agency (RMA) met with the Rio Grande Valley Sugar Mill Board, the mill’s General Manager, and industry representatives to discuss the rules regarding water availability and its impact on crop insurance. RMA walked through the rules and explained that these rules have been in place for at least a decade and have not changed for 2024.

17. Please provide a full and detailed account of the \$10 billion allocated for ERP 2020 and 2021 Phase 1 and Phase 2 losses.

RESPONSE: Of the \$10 billion authorized for disaster assistance, ERP was allocated \$9.1 billion.

- FSA disbursed \$7,751,315,530 in Phase 1 as of 3-18-2024.
- FSA disbursed \$883,940,166 in Phase 2 as of 3-18-2024.
- FSA disbursed \$380,111,803 for ELRP as of 3-29-2024.

In addition, FSA has created an interactive dashboard that will allow you to pull up the latest disbursement data for ERP 2020 and 2021 at this ERP website:
<https://www.fsa.usda.gov/programs-and-services/emergency-relief/erp-dashboard/index> The general public is able to use that dashboard to drill down to state specific data for each phase, as well as the payments disburse by non-specialty and specialty crop, as well as calculated amounts by commodity and revenue type.

a. How much assistance was attributed to on-farm storage loss?

RESPONSE: On-farm storage losses were captured through Phase 2. Phase 2 was developed as a revenue program and specific losses were not separated by crop or type of loss. As such, data is not available specific to on-farm storage losses.

i. Please provide a specific example of how on-farm storage losses were captured in Phase 2 of the ERP for 2020 and 2021.

RESPONSE: On-farm storage losses were captured in the Phase 2 calculations by comparing the producer's benchmark year revenue with their disaster year revenue. For example, if the producer had a commodity in storage that they intended to sell in the loss year, but the storage structure was compromised due to disaster and thus the commodity was not marketable, that loss of revenue would have been reflected in the loss year's actual revenue as compared to the benchmark revenue.

b. How much assistance was attributable to quality loss?

i. Please provide a specific example of how quality losses were captured in Phase 2 of the ERP for 2020 and 2021.

RESPONSES: Losses due to decreases in quality were not tracked separately in Phase 1 or 2. ERP Phase 1 used a streamlined approach to expedite assistance to producers who received a

crop insurance indemnity and/or NAP payment through an application process using data already on file that included both production and quality losses.

18. Please provide a full and detailed account of the \$3.7 billion allocated for ERP 2022 as of March 6, 2024, and as of the date these answers are provided, including:

- a. How much assistance has been distributed to producers through Track 1 and through Track 2? Please include this information by state, loss, and crop.

RESPONSE TO BOTH:

Track 1 disbursed as of 3-28-2024: \$1,382,109,278.

Track 2 disbursed as of 3-28-2024: \$88,441,802.

Emergency Livestock Relief Program (ELRP) 2022 assistance disbursed as of 3-29-2024: \$380,111,803.

Cause of loss data is not available for Track 1 or Track 2 as producers certify to meeting the stated eligible loss causation criteria but are not required to state the specific disaster. Track 1 assistance is tracked by crop or crop policy; however, assistance provided for Track 2 is not available by crop as it is a revenue-based program, where revenue is blended for all eligible crops. Track 2 assistance is summarized by the “other crops and specialty/high value crops” categories due to applied payment limitation provisions.

- b. How much of the assistance that has been provided is from reimbursing crop insurance premiums and administrative fees? How many producers has this assistance been provided to?

RESPONSE: As of 3-28-2024, total reimbursement from crop insurance premiums and administrative fees:

Number of Participants:	51,545
Fees:	\$1,968,440
Premiums:	\$342,027,556
Total combined:	\$343,995,996

- c. Have consequences of USDA’s arbitrary program changes required the USDA to re-estimate the level of assistance producers are eligible for post announcement of the program?

RESPONSE: For disasters occurring during the calendar years 2020 and 2021, Congress authorized \$10 billion in emergency relief funding to assist agricultural producers impacted by wildfires, droughts, hurricanes, winter storms, and other eligible disasters. In early conversations about the need for 2022 emergency relief assistance, USDA informed Congress that the Department estimated disaster-impacted producers incurred at least \$10 billion in uncovered losses. Actual numbers are closer to \$12 billion in uncovered losses.

Given that available funding for crop losses (approximately \$3.2 billion) was substantially less than the estimated costs to cover 2022 disaster losses at the same level as the previous iteration of ERP, USDA designed a program within those funding constraints. Should Congress authorize additional funding remain at the conclusion of ERP 2022 signup, FSA will expedite issuance of additional assistance to participants.

19. It is understood that USDA had limited resources to address the roughly \$12 billion in losses across the country for 2022 disasters, but Congress intended for all affected producers to be reimbursed their crop insurance premiums and administrative fees. If costs constraints were the determining factor for USDA's program changes for the ERP 2022 program, how did USDA decide to provide this reimbursement for only a select group of producers instead of factoring the reimbursement and providing the assistance as intended to all producers in need?

RESPONSE: Given available funding for crop losses (approximately \$3.2 billion) was substantially less than the estimated costs to cover 2022 disaster losses at the same level 2020 and 2021 losses were covered, USDA designed a program within those funding constraints. More information about the reasons for the design of that program can be found in the Notice of Funds Availability for the Emergency Relief Program 2022 at 88 FR 74404, Oct. 31, 2023.

20. USDA's fact sheets state that "more than 80% of the 210,500 indemnified policies have ERP gross payments less than \$30,000 meaning nearly 170,000 producers will receive a higher payment using the progressive factor when compared to the 27% flat factor." Please detail the impact this progressive factor has on the remaining 20% of producers that experienced the deepest losses. What was the total loss amount attributed to these producers? What is the percent of production they collectively account for? What percentage of the total ERP 2022 assistance did they receive?

RESPONSE: The ERP 2022 Track 1 analysis considers the RMA substantial beneficial interest (SBI) share of the value of crop losses, crop insurance indemnities, and calculated Track 1 assistance, and cannot be directly correlated to overall crop production. Those producers who would have received more assistance under ERP 2022 under a flat factor (versus progressive factoring) are estimated to have had total crop losses of \$20,000,000,000(\$8,500,000,000

uncovered losses after crop insurance indemnities). These producers received an estimated 46% of ERP 2022 Track 1 assistance. Note: Participants who receive payments under Track 1 may also apply for assistance under Track 2 which may result in additional payments for crop losses not already covered by Track 1 or crop insurance.

21. As demonstrated by the letter transmitted on February 6, 2024, and signed by myself, Chairs Stabenow and Thompson, and Ranking Member Scott, I support EPA's need to meet the agency's obligations under the Endangered Species Act in regards to pesticide registrations and re-registrations. However, I continue to hear from farmers who are concerned about the economic impacts they may suffer as a result of EPA's implementation of the various strategies (e.g., herbicide strategy, vulnerable species pilot project, insecticide strategy). As we understand it, and according to a recent Memorandum of Understanding signed by EPA and NRCS, the strategies would require growers to adopt mitigations, which often involve significant physical and structural changes to fields and field drainage.

- a. Has USDA made any calculations on the costs farmers would incur to put these mitigations in place? If so, please provide the Committee with those findings and calculations.

RESPONSE: Within the next 5 years, a minimum of 75 million acres are likely to be impacted by the Herbicide Strategy, as currently proposed, as several herbicides (including major ones such as 2,4-D and dicamba) undergo registration review at EPA. Based on currently available data on conservation practice adoption and assumptions around mitigation needed to allow continued use of these herbicides, costs could range from \$2-6 billion for these acres to achieve compliance.

Estimates are based on current knowledge, if EPA does any update to the herbicide strategy that may impact these estimates.

- b. Would the proposed mitigations risk agricultural productivity, and if so, what would those impacts be?

RESPONSE: NRCS helps American farmers, ranchers, and forest landowners make conservation work for them. The agency promotes practices that help improve production, reduce input costs, and conserve natural resources for the future. NRCS conservation programs and practices are backed by science. USDA uses the latest technology and research to help growers maximize the benefits of conservation efforts and improve the productivity of their lands. Every field and mitigation measure has a distinct impact area. Certain mitigation measures, like residue management, can enhance production without affecting the field's area, while others, such as

vegetative filter strips, require taking land out of production to fulfill their purpose. ~~Every field and mitigation measure has a unique footprint. Some mitigation measures can improve production (residue management) and not impact the footprint of the field, while others take land out of production to serve their purpose (vegetative filter strips).~~

- c. Grower buy-in will be critical to the successful adoption of EPA's proposed mitigation strategies. Does USDA believe there is currently sufficient buy-in from growers to support these changes?

RESPONSE: Many growers are unaware of the ESA and the long-delayed and litigated impacts. Pesticide registrants and their salesforce along with crop consultants, government service providers, ag publications, and other experts will communicate the ESA strategy and requirements. Our Office of Pest Management Policy (OPMP) will be co-hosting a workshop with EPA to help identify additional mitigation measures that are needed so that all growers are able to comply with EPA's expectations, as well as identify information and data available to support those measures.

- d. What is USDA doing in collaboration with EPA to achieve stakeholder buy-in?

RESPONSE: Through OPMP, USDA has raised with EPA its concerns around the potential costs of EPA's initiatives on agriculture. We have documented our concerns on the impact via public comments on EPA's proposal as well as in-person conversations and discussions. USDA has also provided alternative proposals that may lessen the impacts on our grower stakeholders.

- e. We appreciate USDA's and EPA's recent announcement regarding the MOU and identifying NRCS practices as risk reducing mitigations farms can use. However, beyond NRCS, there are state-based, region-based and third-party-based programs which also achieve reductions in runoff and erosion control that many growers currently participate in. What is USDA doing to bring these programs to the attention of EPA so participating growers can get credit for what they are already doing?

RESPONSE: NRCS is providing an example for EPA's guidance to include a crosswalk between the EPA mitigation measures, the points, the point's science-based references and any conservation practice from NRCS, state agencies, Land Grant Universities or other private non-government organizations. Stakeholders have made it clear that NRCS is not the only source for these measures.

- f. Most of the mitigations proposed by EPA involve physically altering the farm field which will be costly, disruptive and require maintenance. We would expect

implementing and maintaining these new features will be particularly challenging on leased land, which makes up almost 40% of farmland. Does USDA also see ESA strategy adoption as more difficult on leased acres? If so, have these concerns and potential strategies for adoption been communicated with EPA?

RESPONSE: Yes, implementing complementary practices, especially structural ones, is always more difficult on leased land. Some farm leases indicate who is responsible for installing or maintaining practices. However, many leased acres do not have structured leases and only operate under oral agreements without attention to specifics related to practices. It will be up to the farmer and landlord to negotiate the responsibilities. EPA has been made aware of this issue and NRCS is developing a strategy to be shared with EPA.

22. USDA announced the Organic Transition Initiative (OTI) on August 22, 2022, initially promising \$300 million to support market development and supply chain resiliency for existing and transitioning organic farmers. Congress was informed then that funds would be drawn from a mix of the American Rescue Plan Act (ARPA), Commodity Credit Corporation (CCC), Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the Consolidated Appropriations Act (CAA) of 2021, allocated as follows: \$100 million for a Transition to Organic Partnership Program (TOPP) through AMS; \$75 million for NRCS to develop a new Organic Management conservation practice standard and deliver both financial and technical assistance to producers that implement that practice; \$25 million to RMA for a new Transitional and Organic Assistance Program (TOGA); and the remaining \$100 million to AMS for a pinpointed market development support program to be announced after receiving stakeholder input. That feedback process ultimately resulted in the Organic Market Development Grants (OMDG) Program.

RESPONSE: On April 10, 2023, USDA announced additional details regarding NRCS's \$75 million direct conservation assistance: \$70 million in direct assistance to producers to meet the new management standard under EQIP, and the remaining \$5 million to fund seven new for five years, including six regional technical experts and one organic research position.

On May 10, AMS released the Request for Applications (RFA) for the OMDG program. However, the availability of only \$75 million was announced. The original deadline for applications was July 11, 2023. On May 18, 2023, 8 days after the RFA was released, that deadline was extended for an additional 30 days to August 8, 2023. On July 11, 2023, the RFA was modified again with a change to the matching requirements. On January 17, 2024, AMS announced an initial award of \$9.75 million for 10 grant projects through the OMDG program. AMS noted that the first round of awards was funded by the CCC.

- a. Please provide an update on USDA's implementation of each OTI program and funded project.

RESPONSE: USDA's Transition to Organic Partnership Program (TOPP) is in year two of five, providing support to transitioning and existing organic producers via farmer-to-farmer mentorship, technical assistance and training, workforce development, and community-building events. Two national partners are focused on making connections with underserved communities, market development opportunities, and matching buyers with organic producers, while six non-profit organizations serve as regional leads – with 248 partners involved across the six regions.

The TOPP mentorship program pairs new and transitioning farmers with experienced organic producers to help them prepare for certification and serve as touchpoints during the process. To date, regional leads have matched 130 mentorship pairs, received more than 275 mentor applications and 375 mentee applications, representing more than 28,500 potential transitional acres. Leads have also reported more than 450 farmers who are receiving direct technical assistance on topics such as how to fill out an Organic System Plan and on-farm techniques. Organic workforce training is expanding, helping to grow the next generation of organic producers and inspectors, and partners have developed free educational resources, such as the Transitional Production Plan, which is a template that helps new crop producers who are transitioning to organic production with the supporting documentation needed to qualify for Organic Transition Initiative (OTI) services provided through the USDA's Risk Management Agency and Natural Resources Conservation Service.

TOPP leads and their partners hosted more than 400 separate events, reaching more than 20,000 people interested in transitioning to organic production. These events included farm field days, webinars, and outreach activities for underrepresented farmers.

- i. Are any funds being used to fund FTEs? If so, in what office and agency, how many, and are the positions permanent or temporary?

RESPONSE: National Organic Program did not hire FTEs to manage OTI. For the Organic Market Development Grant Program, none of the \$75 million is being used to fund permanent staff.

- ii. Please include a comprehensive list of all grants, cooperative agreements, and other partnerships, and recipients of each. In compiling this list, please note the source of funds for each (e.g. ARPA, CARES Act, CCC, etc.), the dates of each agreement, and the total financial commitment including matching funds.

RESPONSE: NOP awarded eight cooperative agreements to manage the Transition to Organic Partnership Program (TOPP). The TOPP partnership network covers six regions: the Mid-Atlantic/Northeast, Southeast, Midwest, Plains, Northwest, and West/Southwest. Each region is led by a non-profit organization affiliated with an accredited certification agency. Additionally, NOP awarded two National cooperative agreements to supplement the work of the regional leads. There are no matching funds for TOPP. All TOPP cooperative agreements were awarded with funding from the Consolidated Appropriations Act (CAA) of 2021.

1. Pennsylvania Certified Organic (PCO) - Mid-Atlantic/Northeast region. 10/31/2022 – 10/30/2027. \$15,000,000.
2. Florida Organic Growers (FOG) – Southeast region. 10/31/2022 – 10/30/2027. \$15,000,000.
3. Midwest Organic Services Association (MOSA) - Midwest region. 10/31/2022 – 10/30/2027. \$13,630,000.
4. Organic Crop Improvement Association (OCIA) - Plains region. 10/31/2022 – 10/30/2027. \$15,000,000.
5. Oregon Tilth Certified Organic (OTCO) - Northwest region. 10/31/2022 – 10/30/2027. \$15,000,000.
6. California Certified Organic Farmers Foundation (CCOF) - West/Southwest region. 10/31/2022 – 10/30/2027. \$15,000,000.
7. Organic Farmers Association (OFA) – National Lead. 4/1/2023 – 3/31/2026. \$2,867,000.
8. Organic Trade Association (OTA) – National Lead. 5/30/2023 – 5/29/2027. \$4,000,000.

All Organic Market Development Grant Program projects were awarded with CCC funds. A comprehensive list of the currently awarded projects with the respective award and match amount can be found on the attached spreadsheet and description of the projects at:

https://www.ams.usda.gov/sites/default/files/media/2023_OMDGDDescriptionOfFundedProjects.pdf

b. Regarding the OMDG program:

- i. Why did the amount of funding available decrease from \$100 million to \$75 million between the August 22, 2022, announcement and the May 10, 2023 announcement?

RESPONSE: In 2023, USDA notified Congress that it would utilize \$100 million in CCC funds for organic market development. Using the authority of the CCC Charter Act Section 5(e) to increase domestic consumption of agricultural commodities, AMS offered \$75 million through the OMDG funding opportunity. The remaining \$25 million is pending assessment of options to best target funds for the development and expansion of markets for organic commodities.

- ii. How much funding is still available (allocated and obligated) but not yet expended?

RESPONSE: Of the \$75 million, \$24.7 million remains to be expended after awarding a total of \$50.3 million for 70 projects. AMS is currently preparing to award the remaining projects and utilize the remaining funds.

- iii. In the first RFA round, how many applications did AMS receive?

RESPONSE: AMS only made one OMDG RFA announcement and received 200 applications requesting \$176 million. Half of the applications requested simplified equipment-only project types for up to \$100,000. The remaining applications were distributed between Market Development and Promotion, and Processing Capacity and Expansion projects, for up to \$3 million each.

- iv. What led to the decision to adjust the matching requirement after the RFA had already been published for 2 months?

RESPONSE: AMS originally posted match language in the RFA that did not align with the intended matching requirement of the OMDG program. AMS discovered this and proceeded to make the clarifying correction and update resources.

- v. Does AMS plan to make additional rounds of funding available in the future? If so, what is the expected timeline for these future funding rounds?

RESPONSE: AMS does not have plans to announce additional rounds of OMDG funding.

- 23. Secretary Vilsack, at its last meeting with stakeholders, USDA APHIS reported that it was meeting less than 50% of its regulatory timelines for approvals of plant products developed using genetic engineering. I understand that this backlog may be alleviated if APHIS is able to finalize its proposal to add five new types of genetic modifications a plant can contain while being exempt from the regulations for the movement of organisms modified or produced using genetic engineering. What is the current timeline for this APHIS proposal to be finalized?

RESPONSE: We recognize the importance of ensuring our biotechnology regulatory exemptions keep pace with advances in science, technology, and conventional breeding processes to avoid differential treatment for products produced through genetic engineering that are otherwise equivalent to conventionally developed products. In response to our November 2023 Federal Register proposal to expand exemptions for plants with modifications that are otherwise achievable through conventional breeding, we received nearly 6,500 public comments. We have

prioritized our review of these comments, so that we may proceed with issuing a final notice with expanded exemptions as soon as practicable.

With these efforts, in the first half of FY2024, APHIS completed 30 Regulatory Status Reviews (twice the number completed in FY2023), with over 60 percent of these reviews meeting the target timeframes under 7 CFR 340.

Senator Sherrod Brown

1. Helping working families who are getting squeezed by low wages and high costs is one of the most important things we can do.

The bipartisan 2018 Farm Bill directed that SNAP's Thrifty Food Plan be re-evaluated. The Thrifty Food Plan is a determination as to what constitutes the basic minimum amount needed for a nutritious diet. The 2018 Farm Bill instructed USDA to re-evaluate it by 2022 based on four factors: current food prices, food composition data, consumption patterns, and dietary guidance.

As a result of the Thrifty Food Plan review, SNAP benefits increased by about \$1.40 per person per day. The cost of a cheap cup of coffee, not an expensive fancy Starbucks coffee.

Can you speak about the impacts of this increase for SNAP participants?

RESPONSE: As directed by Congress in the 2018 Farm Bill, USDA re-evaluated the Thrifty Food Plan (TFP) — which is used to set SNAP benefit amounts—to reflect the true price of a cost-conscious, healthy diet based on current food prices, food composition data, consumption patterns, and dietary guidance. This re-evaluation was long overdue and had a meaningful impact on households at a time when millions of American families were struggling to put food on the table. Through a careful, considered approach, the 2021 TFP re-evaluation ultimately resulted in the first permanent increase in SNAP benefits since the TFP was introduced in 1975.

The Urban Institute found that the modest, but meaningful, increase to SNAP benefits resulting from the TFP re-evaluation lifted 2.8 million people, including 1.3 million children, out of poverty and reduced child poverty by 7.9 percent. A modernized TFP is more than a commitment to good nutrition—it is an investment in our nation's health, economy, and security. Putting healthy food in reach for low-income families helps prevent disease, supports children in the classroom, reduces health care costs, and more.

2. Finding new markets for biofuels is an important issue for Ohio farmers that I hear about it all the time from Ohio corn growers and soybean producers.

When we created the Inflation Reduction Act, I was able to include my Sustainable Skies Act, which created a tax credit for sustainable aviation fuel (SAF) to drive the creation and expansion of new markets for Ohio producers.

And this week Senator Ricketts and I introduced the *Renewable Fuel for Ocean Going Vessels Act* to support the use of biofuels in shipping. We did this to help build new markets for Ohio farmers.

Thank you for all you have done to ensure that SAF tax credit is implemented properly including how strongly you have pushed for the adoption of the GREET model for the tax credit.

What else can Congress be doing to support the growing SAF market in the farm bill and beyond?

Are there other things the USDA is doing to support SAF specifically and biofuels generally that we should know about?

RESPONSE: We expect the Biden-Harris Administration will issue a Sustainable Aviation Fuel (SAF) notice as part of the Investing in America agenda. The notice will catalyze innovation in the aviation industry, incentivize the production of cleaner, more sustainable aviation fuels, and help make the United States a leader in decarbonizing the aviation industry. The Treasury Department's Notice will provide important clarity around eligibility for the SAF tax credit that was established in the Inflation Reduction Act. The SAF tax credit incentivizes the production of SAF that achieves a lifecycle GHG emissions reduction of at least 50% as compared with petroleum-based jet fuel.

The 40B tax credit will incorporate a USDA Pilot Program to encourage the use of Climate Smart Agriculture (CSA) practices for SAF feedstocks. We are taking this path because we want to recognize the climate benefits of these CSA practices and encourage their adoption, but also recognize there is additional work to do to assess verification mechanisms, empirical data, and modeling.

Incorporating CSA practices into the production of SAF provides multiple benefits. These include lower overall GHG emissions associated with SAF production, improved accuracy of overall carbon intensity estimation, sustainable production of domestically-produced aviation

fuel, and increased adoption of farming practices that are associated with other environmental benefits, such as improved water quality and soil health.

The SAF tax credit and this guidance will be a significant step towards reducing greenhouse gas emissions in our transportation industry, promoting the use of sustainable aviation fuels, and helping the United States achieve its climate and energy security goals. Expanding SAF production also creates new market opportunities for America's farmers to participate in the rapidly expanding clean energy market. The increased clarity provided by this guidance will help promote innovation in aviation—an industry that is particularly difficult to decarbonize.

We are simultaneously working to transform the aviation sector, support American agriculture and manufacturing, and tackle the climate crisis. The increased clarity in the 40B tax credit guidance will complement other Federal initiatives and other efforts to spur the scale-up of U.S. SAF production facilities. These include the government-wide SAF Grand Challenge of producing 100% of domestic aviation jet fuel use of 35 billion gallons by 2050.

USDA has been an active participant in the SAF Grand Challenge through market development, research, and outreach. We anticipate USDA will release a report titled “Building a Resilient Biomass Supply: A Plan to Enable the Bioeconomy in America”. The plan, along with its accompanying implementation plan, will boost biomass supply chain resiliency for domestic biobased product manufacturing, while also advancing environmental sustainability and market opportunities for small and mid-sized producers. Along with this report, USDA released a fact sheet outlining 2023 bioeconomy accomplishments, which included \$772 million in relevant investments in research, development, and infrastructure.

3. Making sure American-produced foods end up on school lunch trays is very important to me. More importantly, it is important to parents.

American taxpayer dollars should be spent on products that are grown by American farmers and produced by union bakers, canners, and processors.

Senator Braun and I have introduced a bill to strengthen the requirements in school meals to ensure food from overseas isn't being served when an American product could be.

I appreciate the direction USDA has taken in its proposed meal patterns rule, but we must do more.

Will the USDA's final rule include provisions to strengthen by American requirements?

What other steps is USDA taking to ensure American-grown and produced products are being served in American schools?

I am concerned that American food may be canned in foreign-made steel. I would like to discuss and learn more about how we can expand Buy America for food to include Buy America for packaging.

RESPONSE: The Biden-Harris Administration shares your commitment to prioritizing American products in the school meal programs. Under the National School Lunch Act, all schools participating in Federal school meal programs are required to purchase domestic commodities and products “to the maximum extent practicable.” Implementing guidance provides two exceptions under which schools may purchase non-domestic foods:

- 1) When a product is not produced or manufactured in the U.S. in sufficient and reasonably available quantities of a satisfactory quality; or,
- 2) When the cost of the U.S. product is significantly higher than the foreign product.

Recently proposed regulations entitled “*Child Nutrition Programs: Revisions to Meal Patterns Consistent with the 2020 Dietary Guidelines for Americans*” would strengthen Buy American requirements for school meals and would make it easier for schools to buy locally grown foods. In order to further strengthen the Buy American provision, USDA proposed to institute a 5 percent ceiling on the non-domestic commercial foods a school food authority may purchase per school year. By proposing to institute a 5 percent cap, USDA is balancing the intent of the Buy American provision to support American farmers and ranchers while also recognizing that there are times when purchasing domestic foods is not practicable for schools.

Furthermore, the proposed regulations would make it clear that schools can use a geographic preference to procure local food for school meals.

USDA Foods in Schools purchases about 2 billion pounds of food from American farmers each year, which makes up about 15 to 20 percent of the food served in the National School Lunch Program. All USDA Foods must be domestically produced.

Additionally, the USDA Department of Defense Fresh Fruit and Vegetable Program (USDA DoD Fresh) helps schools to use USDA Foods entitlement dollars to buy fresh domestic produce, offering schools a variety of U.S.-grown whole and pre-cut fresh fruits and vegetables. In Fiscal Year 2023, more than 42,000 schools placed orders for weekly deliveries of American-grown fresh fruits and vegetables through USDA DoD Fresh spending over \$552 million in support for domestic fruits and vegetables.

Senator Amy Klobuchar

1. In Minnesota, we are turning corn, soybeans, and other plant-based feedstocks and chemicals into a wide spectrum of products. Understanding the impact of the biobased marketplace on farmers and rural communities is important as we consider improvements to federal policy.
 - a. Can you share how USDA is working across the federal government to improve reporting, data collection, and procurement opportunities of biobased products? Additionally, what is the status of the newest Economic Impact Analysis of the U.S. Biobased Products Industry and the biomass supply chain resilience plan that are pending at USDA?

RESPONSE: Products in the BioPreferred® Program support the strategic goal of creating a market for biobased products through mandatory government-wide purchasing requirements. The Program's central registry and online catalog now includes 139 product categories representing over 8,900 biobased products and allows Federal contracting and procurement officials to locate and compare products that meet the mandatory procurement requirements. Federal service and construction contractors are required to report their biobased product purchases annually. In FY 2023, these contractors reported purchases of biobased products from 130 distinct categories with a total reported spend of \$64 million dollars.

USDA anticipates releasing both an economic impact analysis of the U.S. biobased products industry and a biomass supply chain resilience plan in the coming weeks. With the plan, we also anticipate releasing an implementation framework that identifies actions USDA will take in the next year, and a fact sheet outlining the Department's 2023 bioeconomy accomplishments, which include \$772 million in investments for research, development, and infrastructure involving biofuels, fertilizer production, crop innovations, and biobased products.

2. In the 2018 Farm Bill, I worked with Senator Cornyn to establish the National Animal Disease Preparedness and Response Program to bolster the USDA's prevention, preparedness, and response capabilities and the National Animal Veterinary Vaccine and Countermeasures Bank to stockpile vaccines for foot and-mouth disease and other livestock diseases.

- a. How have the National Disease Preparedness and Response Program and the National Veterinary Vaccine and Countermeasures Bank helped to combat African Swine Fever, High Path Avian Influenza and other emerging diseases threatening our flocks and herds? How will additional funding better support our farmers and ranchers?

Response: The previous Farm Bill gave APHIS brand new tools to fight foreign animal diseases, such as African swine fever and avian influenza. The National Animal Disease Preparedness and Response Program (NADPRP) gives APHIS additional resources to work with its partners to expand the reach of its animal health programs and to identify and fill in gaps in our existing preparedness and response capabilities. Under NADPRP, APHIS provides funds to States, universities, industry organizations, Tribal partners, and other eligible entities to support projects that help prevent and prepare for the most serious animal diseases that threaten U.S. livestock, poultry, and related industries. The program has been a great success and our state, university, and other partners have provided hundreds of project suggestions over the years, far exceeding the level of funding available for these projects. In the last two NADPRP funding opportunities, APHIS has only been able to fund 57% of the project proposals submitted by our partners. The National Animal Health Laboratory Network (NAHLN) is the backbone of our surveillance detection network and is key to our ability to rapidly detect and respond to foreign animal diseases. The new animal health programs in the previous Farm Bill gave APHIS a dedicated stream of funding from the Commodity Credit Corporation to enhance this critical network. Since the Farm Bill program began, we have provided almost \$30 million to the network above the appropriated amount.

Each year we solicit project ideas from these laboratories and fund the most promising ones. Past projects have standardized the interoperability of communication between the labs and USDA and increased the capacity of the network in detecting disease. The yearly funding stream allows the laboratories to help us identify gaps in our animal health testing capabilities and innovative and promising solutions, strengthening the labs themselves and our overall animal health surveillance abilities.

For our highest consequence animal diseases, it is important to have an effective insurance policy in the extremely rare chance of an outbreak. The National Animal Vaccine and Veterinary Countermeasures Bank allows USDA to stockpile animal vaccines and related products to use in the event of an outbreak of foot-and-mouth disease or other high-impact foreign animal diseases. The vaccine bank:

- Serves as a U.S. stockpile of veterinary countermeasures against foot-and-mouth disease and other serious foreign animal diseases
- Supports critical U.S. response activities in case of an outbreak

- Augments the vaccine supply available to the United States through the North American Foot-and-Mouth Disease Vaccine Bank

So far, APHIS has invested \$72 million in the bank, with \$6 million planned for FY 2024. This allows APHIS to amass a stockpile of foot-and-mouth vaccine antigen concentrate, classical swine fever vaccine, and diagnostic test kits. We will continue to explore additional types of vaccines and countermeasures to make sure the United States is well-prepared for future emergencies.

3. Farmers and ranchers use real-time data to make decisions on how to best use their land. USDA can provide important technical assistance as they select the most effective production and conservation practices for their farms, and my legislation with Senator Thune, *the Agriculture Innovation Act*, supports farmers and ranchers to get better data for more informed land-use decisions.
 - a. Can you update the committee on the need for better on-farm data use and research to improve location-specific land-use decisions?

RESPONSE: With respect to conservation, better data that leads to improved land management decisions will have a positive impact on soil and water resources. For example, data-driven on-farm decision-making could help advance precision agriculture, improve input application, and potentially increase farm profitability.

NRCS provides soil, water, plant, and other location-specific data through its soil survey, national resource inventory, imagery, and other programs. Through its Conservation Effects Assessment Project (CEAP), NRCS provides edge-of-field as well as watershed-level conservation effects assessments. NRCS also provides comprehensive conservation practice standards and field office technical guides for on-farm decision-making. NRCS improves the data and information for on-farm decision-making on a regular basis through its data collection programs, research and assessment programs, and science and technology programs. NRCS field conservation planners provide on-farm conservation planning technical assistance to farmers using a variety of these data and tools. The USDA Climate Hubs provide user friendly tools and decision to support farmers. Climate Hub tools range from specialized calculators to maps, models and datasets estimating a variety of outputs (e.g., crop production, greenhouse gas flux, and species distribution). Certain tools may be more relevant to land managers to aid in year-to-year decision-making, while others are more useful for researchers studying agriculture and climate change.

Senator Michael F. Bennet

1. The 2018 Farm Bill created the Agriculture Advanced Research and Development Authority (AgARDA) as a pilot program to fund transformative agricultural research at USDA. However, the program has not supported any research projects to date, citing insufficient funds. Other ARPA programs have utilized an Interim Director to serve as the temporary leader of the program until a permanent Director can be identified.
 - a. Has USDA explored appointing an Interim Director for AgARDA to build partnerships with other ARPA agencies and solicit stakeholder input on the research goals of the program?

RESPONSE: USDA is conducting a landscape scan, analysis, and report of high risk / high reward U.S. Government R&D organizations to understand best practices to help develop AGARDA program infrastructure. USDA has hosted listening sessions to engage with partners and stakeholders and will continue these engagements. We are leveraging existing partnerships to assist with this work.

- b. What benefit does a program like AgARDA offer to the long-term competitiveness of U.S. agriculture?

RESPONSE: Success of U.S. agriculture has been undergirded by investments in research enabling agricultural practices to evolve to meet demands of a dynamic food industry. To sustain agricultural and forestry production for a growing global population, USDA must rapidly catalyze development of new technologies and practices that are innovative, resilient, and commercially viable. USDA looks forward to this exceptional opportunity to deliver responsive, practical solutions to our stakeholders, to the agricultural and rural communities, and for the benefit of the American public overall.

- c. What, in USDA's view, are the current threats to U.S. agriculture which could be mitigated with a high-risk, high-reward research agency?

RESPONSE: USDA is poised to lead development of transformative technologies, research tools, and products through advanced research on long-term and high-risk food and agriculture challenges. AGARDA will cover legislatively directed areas of:

- engineering, mechanization, or technology improvements that will address challenges relating to growing, harvesting, handling, processing, storing, packing, and distribution of agricultural products;
- plant disease or plant pest recovery countermeasures to intentional or unintentional biological threats (including naturally occurring threats), including

replacement or resistant plant cultivars or varieties; other enhanced management strategies, including novel chemical, biological, or cultural approaches; or diagnostic or surveillance technology; and

- veterinary countermeasures to intentional or unintentional biological threats (including naturally occurring threats), including animal vaccine or therapeutic products (including anti-infective products); or diagnostic or surveillance technology.
- d. How can a scale-up of AgARDA ensure that the agency can fund multiple research projects across an array of priorities?

RESPONSE: With current funding levels we have created an agile and scalable organization and strategic framework. When properly resourced, we would stand up a permanent AGARDA organization and optimize funding to tackle high-priority agricultural challenges requiring scientific solutions.

2. My office recently heard from a young farmer in Montrose, Colorado about how much she relies on the Natural Resources Conservation Service (NRCS) to help her make decisions around planting, harvest, and all the steps in between. However, there is rarely anyone in the local NRCS field office. This young farmer waited months to access programs like the Environmental Quality Incentives Program (EQIP) and the Regional Conservation Partnership Program (RCPP) given agency staff capacity limitations. A rancher in northern Colorado also shared that the NRCS Glenwood Springs field office has been without half of its staff for more than a year. USDA staff shortages are crippling these offices' ability to fulfill their responsibilities and carry out key programs.

- a. How is USDA addressing its staffing shortages in local field offices?

RESPONSE: NRCS is addressing its staffing shortage in local field offices by developing new methods to expedite hiring through mass hiring across the country, analyzing data to ensure we are communicating and posting vacancies to target the skills and geographical locations needed, and developing a recruitment strategy and hiring cadence to ensure that we can keep the applicant pools informed of our needs and hiring.

- b. What does USDA believe is driving these staff shortages in rural field offices?

RESPONSE: There are several factors that are continually recognized in feedback from applicants, and they include: pay, undesirable locations, and, in some areas, the applicants do not have the requisite skills or education.

- c. Is this same trend being felt at other agencies within the Department, like the U.S. Forest Service or the Farm Service Agency?

RESPONSE: Yes, Farm Service Agency has the same barriers with pay and undesirable locations. The Forest Service recently increased pay for fire workers, but still struggles with applicants believing open postings are in undesirable locations.

3. Early last year, Colorado's Republican River District signed the first dryland farming Conservation Reserve Enhancement Program (CREP) agreement. Despite this achievement, the CREP project has still come up short in delivering water savings due to administrative requirements associated with the agreement. Not a single farmer has enrolled in Colorado's new dryland CREP. Somehow NRCS EQIP can carry out the same purpose of transitioning irrigated acres to dryland without nearly the same restrictions. Producers are overburdened with paperwork and the process is overcomplicated. Farmers are then left navigating different agencies with two different applications and selection windows.
 - a. Can you commit to working with the Republican River Water Conservation District to renegotiate their CREP agreement and address the payment and practice barriers holding back producers from enrolling?

RESPONSE: FSA will commit to working with the Republican River Water Conservation District to identify and address barriers to enrollment to the extent allowed by law.

- b. Will you commit to building in an incentive into CREP and all Conservation Reserve Program contracts that yield water savings?

RESPONSE: FSA will commit to exploring an additional incentive for land enrolled in CRP (including CREP) in targeted geographic areas impacted by water scarcity.

4. Farmers across Colorado have conveyed concerns about labor issues, including the availability, cost, and reliability of agricultural workers. Has USDA explored all of its authority under the Immigration and Nationality Act to protect and assist farmers, especially through the H-2A program?

RESPONSE: USDA continues to work with employers regarding their concerns about agricultural labor and the increasing reliance on the H-2A program. For example, USDA announced the Farm Labor Stabilization and Protection Pilot Program, investing up to \$65 million in American Rescue Plan funding to support and safeguard the food supply chain.

5. How would the Affordable and Secure Food Act have benefited the U.S. agriculture sector, and specifically farmers and agricultural workers, if it was enacted?

RESPONSE: USDA looks forward to evaluating all legislative proposals related to farm labor reform but cannot comment on pending legislation.

6. The Inflation Reduction Act (IRA) made the single-largest investment in rural electrification since the New Deal. Through USDA, the New ERA program provides nearly \$10 billion to help rural electric cooperatives transition to clean energy. New ERA has the potential to fund larger renewable projects, and even position rural co-ops to own projects for the first time, which provides incredible value to the rural communities they serve. The program is extremely popular across the country: USDA received 157 proposals from nearly every state in the nation for more than 750 clean energy projects in rural communities. Colorado co-ops are poised to leverage this funding and lead the clean energy transition in rural America. It is critical that USDA gets this funding into the hands of co-ops so our rural communities can begin to reap the benefits. It is a step in the right direction that USDA recently began inviting applications for the program. The agency must continue moving swiftly to get this funding out the door. How quickly will USDA turn around completed applications to get this funding into the hands of rural co-ops as soon as possible?

RESPONSE: Thank you for your strong support for the Inflation Reduction Act (IRA). The response to the Empowering Rural America (ERA) loan and grant program authorized under section 22004 of the IRA has been tremendous. The program was oversubscribed by more than a factor of four.

USDA Rural Utilities Service (RUS) has sent “Invitations to Proceed” to the next level of the New ERA competition to high-scoring finalists in two of the three funding categories. Invitations to Proceed will be sent out to the third category within a couple of weeks.

The competitor’s challenge is to submit a complete application that meets the applicant’s budget authority and greenhouse gas reduction targets. Once those applications are received, they will be processed promptly. At this point in the competition, we are awaiting the arrival of the finalists’ full applications. RUS expects to receive the first complete applications in the next several weeks. The speed of processing will be driven by the timing of the application and the complexity of the submission. Rest assured; we are highly motivated to move as quickly as possible.

For the Powering Affordable Clean Energy (PACE) Program authorized under section 22001 of the IRA, RUS sent out “Invitations to Proceed” and received nearly 100 full applications. USDA

announced the first five awards under the PACE program at the National Rural Electric Cooperative Association's annual meeting in March. La Plata Rural Electric Cooperative located in southern Colorado was one of our first awardees. In June, USDA announced five more PACE awards totaling \$275 million.

Senator Cory Booker

1. Mr. Secretary, as I mentioned in the hearing, I am very concerned by what I am hearing from producers and crop insurance agents about the barriers to purchasing crop insurance for small and diversified specialty crop farms. Crop insurance companies are getting away with not serving these farm types to maximize profits.
 - a. Crop insurance agents are not serving small and diversified specialty crop producers, because compensation is too low. Please provide data on A&O distribution per-policy, by policy type, farm size, and by crop, to provide transparency about agent incentives.

RESPONSE: RMA actuarial staff can only provide the A&O distribution per insurance plan and crop. RMA does not collect compensation from individual agents and loss adjusters. We are happy to work with you on additional data or breakouts.

Recognizing that the industry can better serve underserved farmers if it employs agents and loss adjusters from underserved communities, RMA has begun collecting voluntary demographic data from AIPs for agents and adjusters and has developed its own recruitment, training, and placement program known as Building Resiliency.

Beginning with the 2022 reinsurance year, the Risk Management Agency (RMA) modified data reporting requirements and required that AIPs request certain demographic data from crop insurance agents and loss adjusters. AIPs are directed to request race, ethnicity, and gender (REG) data by means of a standardized form to which agents and adjusters will be asked to respond. Our team can provide the initial two years of data upon request. The data collected during the process will be used as a starting point to determine ways to improve access and equity in the Federal crop insurance program.

Since 2022, RMA has been investing in the Building Resiliency Program. This pilot program is being led by the Intertribal Agriculture Council, with support from Annie's Project, Alcorn State University, and Rural Coalition. RMA and its partners have strategically engaged with minority-serving institutions and underserved stakeholder groups to train, credential, and establish a pipeline of crop insurance agents and adjusters within underserved agricultural communities.

- b. Some crop insurance policies are not subject to the A&O cap, which distorts agent incentives by making some policies more lucrative to sell than others. Have you considered renegotiating the Standard Reinsurance Agreement to cap all policies, including livestock policies, removing the arbitrary difference in financial incentives to sell certain policies over others?

RESPONSE: Without specifying in law what the A&O cap should be, the only other way that the A&O reimbursement rates, a financial term of the SRA, can be changed is with a renegotiation. Furthermore, under current law, the Federal Crop Insurance Act requires that any negotiation be done in a manner that, to the maximum extent practicable, is budget neutral regarding A&O payments and underwriting gains. RMA would consider all the financial terms in any future renegotiation and would focus on ensuring the program is administered in an equitable manner while maintaining budget neutrality, as required by law.

- c. Some crop insurance agents are writing insurance policies that make them the most in compensation, but are not in the best interest of the farmer. How can USDA use its role to ensure that agents write policies in the farmer's best interest?

RESPONSE: Through our Risk Management Education Division (RMED), RMA is taking actions to educate producers about the Federal crop insurance program. Since 2021, RMED has provided more than \$16 million in funding for pilot projects and cooperative agreements, reaching over 700,000 individuals. Additionally, RMA can increase oversight through data mining to identify potential situations where farmers coverage may not reflect what is in their best interest. We are happy to work with you on ways to enhance our oversight in this area.

- d. Crop insurance companies are cutting A&O on policies they don't want agents to sell, in some cases down to nearly zero.
 - i. Please provide data on the percent of A&O that is paid as agent compensation, per-policy type. How is USDA ensuring that companies cannot cut agent commissions or stop working with agents because of the farms they serve?

As referenced in our response to 1.a., RMA is happy to provide additional data sets on A&O.

- ii. What process does the USDA have in place to investigate reports of discrimination or wrongdoing? How does USDA protect farmers and

agents them from retaliation for reporting? What additional tools does USDA need to make sure farmers' and agents' claims are fairly investigated?

RESPONSE: As outlined by the Office of the Assistant Secretary for Civil Rights (OASCR), USDA prohibits discrimination against its customers. Individuals may file a complaint with USDA if they believe they experienced discrimination when obtaining services from USDA, or when participating in a USDA program or a program that receives Federal financial assistance from USDA. OASCR, through the Center for Civil Rights Enforcement, will make a jurisdictional determination, and then as appropriate, investigate and resolve complaints of discrimination in programs conducted by USDA or receiving Federal financial assistance from USDA. RMA welcomes future discussions about how to improve the reporting process for producers.

2. USDA and DOJ have collaborated on a couple high profile cases that lead to suffering animals being rescued. Last July, for example, DOJ brought a case against Even Keel Exotics in the Eastern District of Michigan. Inspections showed that animals were being severely abused or neglected and close to 150 animals were eventually surrendered.

- a. How many cases does USDA typically refer to DOJ each year? Please provide the number referred cases over the last 5 years.

RESPONSE: APHIS values our close working relationship with DOJ. We also note that the Agency has many enforcement tools and options before referral to DOJ. These can include stipulations, and license suspensions. For example, in fiscal year 2023, APHIS and its state and local partners ensured the confiscation or surrender of almost 900 vulnerable animals. APHIS also permanently revoked 9 licenses and denied 8 new license applications in FY 2023. APHIS has not regularly tracked the number of cases referred to DOJ.

- b. What can be done to ensure those holding USDA licenses are meeting the requirements of the Animal Welfare Act and not causing pain and suffering to animals in their care?

RESPONSE: We take the mission of protecting vulnerable animals very seriously and have made great strides to increase our enforcement over the last few years, far above what had been occurring during the previous administration. Strong enforcement is one of our greatest tools for protecting animals and the regular unannounced inspections we conduct ensure that those entities we regulate are following the rules that keep these animals safe. Additionally, to get or renew a license, entities must demonstrate compliance with our animal welfare regulations. This process ensures that these facilities understand our regulations and have had the opportunity to speak with

us to learn about the legal requirements. It also gives us a tool to keep out bad actors who are unable or unwilling to bring their facilities into compliance.

- c. Of particular concern is chronic violators – those licensees with repeat and critical violations. Do you believe that APHIS’ current enforcement regime is strong enough to act as a deterrent to those who are continually violating the Act?

RESPONSE: Yes, we have the tools we need to address chronic violators, and the increased enforcement actions we have taken have been a sign of how we are taking that seriously. Beginning in FY22 and continuing through FY23, APHIS filed administrative complaints at more than quadruple the rate of administrative complaints filed between FYs 2019 and 2021. APHIS has also significantly shortened the time between opening an enforcement case to the filing of an administrative complaint—from 739 days in FY20 to 169 days in FY23.

In addition, APHIS permanently revoked nine licenses and denied eight new license applications in FY23. At least 20 licensees canceled their license upon initiation of enforcement, such as the issuance of an official warning or the initiation of a formal investigation.

Finally, in FY 2023, APHIS implemented new procedures to expedite serious Animal Welfare Act cases with egregious non-compliances. In the most serious cases, we have formed strong partnerships with the Department of Justice and state and local partners that allow us to work together quickly to protect these vulnerable animals. The agency has increased its collaboration with state and local authorities concerning activities under their jurisdiction, and developed relationships with stakeholders to share scientific information and ensure they are aware of the Agency’s role and mission.

- d. How can the relationship between USDA and DOJ be strengthened in order to better enforce the law, stop bad licensees and help animals?

RESPONSE: We agree that a strengthened partnership with DOJ will help vulnerable animals and we look forward to continuing to work together.

- 3. In July, APHIS indicated plans for a third-party comprehensive review of the Animal Care program. This review will be phased and is expected to be completed within two years.

- a. Has an independent contractor been selected and if so, who was selected?

RESPONSE: In late September 2023, APHIS selected Guidehouse to conduct the first phase of the planned Animal Care Program Review. We expect the review to take about two years. The first phase of the review is a legal analysis of the Animal Welfare Act (AWA), Horse Protection

Act (HPA), and all relevant laws and regulations governing animal welfare at the federal, state, and local levels, with a goal of identifying gaps and alternatives to current AWA and HPA enforcement practices.

- b. When is this review expected to officially start if it has not yet already begun?

RESPONSE: We selected the contractor for the first phase in September 2023; the work has begun.

- c. It is expected that the second phase of this review will involve stakeholder analysis. Can you commit that stakeholders will include Members of Congress as well as animal welfare groups?

RESPONSE: We have not completed the design of the second phase, but as you note, we intend it to be a stakeholder analysis to identify trends, partnership opportunities, and other external factors that impact Animal Care's mission and long-term operations. We do not yet know the details on that second phase, but we intend to seek input from a broad array of stakeholders, which will certainly include animal welfare groups and Members of Congress.

4. In August, USDA issued a proposed rule to strengthen regulations on the Horse Protection Act, as the agency committed to do back in 2010 during an OIG audit. Congress has repeatedly pushed for swift action on this, through letters to the agency over the past decade and appropriations provisions each of the past four years. Without these revisions, unscrupulous horse trainers continue to "sore" horses, forcing them to perform an unnaturally high-stepping gait that wins prizes by inflicting terrible pain on their front legs and hooves. The proposed rule draws upon the January 2021 National Academies of Sciences, Engineering, and Medicine report and its recommendations for reforms.

- a. Will you commit to prioritize the swift finalization of this long-awaited rule, which received more than 115,000 supportive public comments?

RESPONSE: Yes, we are working to finalize the Horse Protection Act rule. It remains a high priority for USDA.

5. Would additional incentives for longer-term CRP contracts and a focus on marginal land help build soil carbon, while supporting farmers and ranchers?

RESPONSE: Marginal land may or may not have higher organic carbon depending on the soil makeup and cover types. Research is ongoing to determine the values of soil carbon capture in

different land uses and soil types. The benefit of having this land in CRP allows the soil to build carbon storage and soil health while in the program. Land enrolled in CRP allows the soil health to develop under minimized soil disturbance; maximizes biodiversity of grasses, forbs, and legumes; has continuous soil cover; and provides continual living plant roots for soil organisms to thrive. Integration of livestock in this system contributes to increases in soil health as well. The longer soils are managed through CRP the better chance for soil health to develop. CRP provides annual rental and cost-share payments to support farmers and ranchers while these productive benefits are building, allowing the land to eventually become part of the rotation of their farming operation.

6. By providing school meals to children in the world's lowest-income countries, the McGovern-Dole program is a powerful incentive for parents to send their children -- especially girls -- to school regularly. The program increases girls' participation in schooling, which protects girls against gender-based violence and early marriage. McGovern-Dole's Local and Regional Procurement (LRP) program helps participating schools purchase food from local farmers and producers. How does LRP strengthen the McGovern-Dole program and help achieve the program's goals of food security, sustainability, and resilience?

RESPONSE: The Agriculture Improvement Act of 2018 included revisions to the statute authorizing the McGovern-Dole Program. Pursuant to these revisions, and as provided by Congress in appropriations acts, USDA fully utilizes ten percent of funds appropriated for the program to supplement McGovern-Dole projects with local and regional procurement (LRP) of agricultural commodities. In FY23 this amounted to \$23 million to support LRP activities in six countries. For example, in Nepal LRP funds are being used to include fresh vegetables and lentil products in the local school children's diet over the lifespan of a 5-year project.

The inclusion of LRP in every McGovern-Dole project has proven highly successful in meeting the objectives of the program. LRP enables the utilization of locally grown produce and proteins that complement the shelf-stable donated U.S. commodities, thereby supplementing the nutritional content of the school meals and snacks while also providing a meaningful level of support to smallholder farmers that contributes to sustainable economic growth. Additionally, the incorporation of LRP into McGovern-Dole projects creates a mechanism to instill the practice of purchasing and distributing commodities for use in domestic school feeding programs, which proves critical in helping countries strengthen their own capacities so they can eventually graduate from USDA assistance and successfully administer their own programs.

Senator Reverend Raphael Warnock

1. Conflict, climate change, and economic shocks are exacerbating rates of global hunger. Ready-to-use therapeutic food (RUTF) is a life-saving peanut-based, product that is used to treat the most severe forms of hunger.¹ As the top producer of RUTF's main ingredient and home to one of the two U.S. manufacturers of RUTF, Georgia's farmers and suppliers have been vital partners in combatting the rising global hunger crisis.² I was pleased to see USDA's announcement of \$1 billion in Commodity Credit Corporation (CCC) to purchase U.S. grown commodities for international food aid, however, it is my understanding that it has not yet been obligated.

- a. When does USDA expect to allocate the \$1 billion in Commodity Credit Corporation funding for international food aid?

RESPONSE: More than 330 million people are facing acute levels of food insecurity, and programming these funds is a top priority for both USDA and USAID. We fully recognize the magnitude of the international food security crisis and are moving to fully implement this international global food program as soon as possible so that additional U.S.-produced commodities purchased with Commodity Credit Corporation (CCC) resources can be used to combat global food insecurity.

- b. Can this \$1 billion in CCC funding in part be used to purchase RUTF to combat the global hunger crisis? If not, will USDA consider allocating additional CCC funding for that purpose?

RESPONSE: The \$1 billion international food aid program relies on the authority of section 5(d) of the CCC Charter Act (15 U.S.C. 714c(d)) for the purchase and removal of surplus commodities. RUTF is not designated a surplus commodity, although some of its ingredients may be in surplus. This authority was selected because of the flexibility it affords USDA, such as coordinating with USAID to address the widest variety of global food security needs, as well as its responsiveness to domestic commodity surpluses. While this program cannot be used to purchase RUTF, the U.S. Agency for International Development (USAID) has the mandate to address malnutrition and wasting on behalf of the U.S. Government. Through the Bureau for Humanitarian Assistance, USAID is a global leader in the management of wasting and procures RUTF from U.S. producers through Title II funding to support treatment of severe wasting. USAID's expanded plans for and use of RUTF was outlined in a report to Congress pursuant to Division K, section 7019(e), of the Consolidated Appropriations Act, 2023 (P.L. 117-328).

¹ See UNICEF USA Staff, *What Is Ready-to-Use Therapeutic Food?*, UNICEF USA (Jan. 11, 2023), <https://www.unicefusa.org/stories/what-ready-use-therapeutic-food>.

² See *A Global Food Crisis*, World Food Programme (Feb. 28, 2024), <https://www.wfp.org/global-hunger-crisis>.

2. Georgia is home to Fort Valley State University, an 1890s Institution that plays a vital role in advancing my state's agriculture industry through education, research, and outreach.³ On February 22, 2024, the USDA issued its final Equity Commission report that included several recommendations.⁴
 - a. What can Congress do to help enact the Equity Commission's recommendations related to 1890s Institutions?

RESPONSE: The Equity Commission report includes many recommendations, including recommendations that require legislative changes.

- b. How can Congress build on the progress we made on the one-to-one matching requirement for states' 1890s funding and work with USDA to continue to close the gaps in funding and assistance to these vital institutions?

RESPONSE: USDA maintains grant programs for research and extension at both 1862 and 1890 land-grant institutions, including Alcorn State University. By law, each of these programs require institutions to provide matching funds equal to the federal allocation—a 1:1 or 100 percent match—in order to receive full federal funding. The nonfederal match generally comes from state appropriations, so this portion is frequently called the “state matching requirement.” However, 1890 institutions have the ability to request a waiver from USDA for up to 50 percent of this state matching requirement in the event that their state does not provide sufficient funds. This ensures that 1890 institutions are eligible for a portion of federal funding even if their state does not allocate the match but shortchanges the institution of full federal funding because their state chose not to provide a match.

I joined with Secretary Cardona on a series of letters to Governors to bring awareness to this disparity and offer recommendations for how to address this shortfall. This is the result of state governments failing to meet their match responsibility to 1890s institutions.

I would also encourage you to closely study the annual discretionary appropriations funding levels for these institutions both for research, education, and extension to ensure they receive sufficient funding. Every year the President's budget typically seeks increases in our Research, Education, and Economics mission area and its agencies. But sadly, American investment in public agriculture research and development has fallen behind, a decision that, left uncorrected, will impact the clothes we wear, food we eat, and air we breathe. This year the President's FY

³ See *FVSU Is a Land-Grant Institution*, Fort Valley State University (Feb. 28, 2024), <https://www.fvsu.edu/about-fvsu/fvsu-land-grant-institution>.

⁴ See USDA Equity Commission, *Final Report: Recommendations Made to the U.S. Department of Agriculture to Advance Equity For All* (Feb. 22, 2024), <https://www.usda.gov/sites/default/files/documents/usda-equity-commission-final-report.pdf>.

2025 Budget Request requested over \$370 million that would be dedicated to 1890 historically black land-grant colleges and universities, 1994 tribal land grant colleges and universities, and Hispanic-serving institutions. Investing in these vital institutions and our partnerships with minority serving institutions will support capacity building initiatives that bolster education and pathways to employment for students and faculty and help develop a strong pipeline of talented individuals for USDA and USDA partner jobs. These investments in future agricultural leaders will help USDA attract the best and brightest to face the growing challenges of the agricultural economy

3. Georgia producers are experiencing tightening margins as crop prices have declined while overall production costs remain high. I am committed to bolstering the farmer safety net in the upcoming Farm Bill, but farmers in my state are already heading into the next planting season. I appreciate your commitment to finding creative solutions to assist our producers, including using \$1.3 billion from the CCC to fund trade promotion programs, like the Regional Agricultural Promotion Program (RAPP).

- a. When does USDA plan to obligate the CCC funds for RAPP?

RESPONSE: USDA is working quickly to obligate Commodity Credit Corporation (CCC) funds for the Regional Agricultural Promotion Program (RAPP). The RAPP Final Rule was published on November 17, 2023, followed soon after on November 29, by the 2024 RAPP Notice of Funding Opportunity (NOFO) for the first tranche of up to \$300 million in RAPP funding. The application period closed on February 2, 2024, and USDA received 74 applications, totaling \$1.025 billion in requested funding. USDA is actively reviewing proposals and plans to announce awards for the first tranche by early June 2024, making funding available for recipients to program beginning in early June 2024. USDA anticipates making additional RAPP funding available through future NOFOs.

- b. How can Congress and USDA work together to creatively use pots of funding like the Commodity Credit Corporation to further bolster the farmer safety net?

RESPONSE: For 90 years, the Commodity Credit Corporation (CCC) has stabilized markets, supported farm income and prices, and enhanced the ability of farmers to market their commodities. USDA has worked with the CCC to provide additional support to address the needs of American producers as significant and unpredictable challenges arise, including impacts on international commodities markets and global food insecurity in the wake of ongoing conflict and a changing climate. The CCC is critically important at this time. With its support, USDA can continue to strengthen U.S agriculture's presence in existing markets, open new market opportunities, and build on our relationships and connections to ensure that high-quality

American agriculture and food products reach where they are needed in the world. We appreciate advice from Congress on how to best utilize this important resource.

4. Sections 22007 of the Inflation Reduction Act provide \$2.2 billion for farmers who experienced historical discrimination by USDA. On January 17, 2024, the application period for 22007 funding closed.⁵ These funds must be distributed as swiftly as possible so these producers can stay on their land and continue to farm.

- a. What steps did USDA take to engage with and reach out to farmers, ranchers, and forest landowners who may be eligible for financial assistance through 22007?

Congress directed that the program be administered by non-governmental organizations; USDA hired three prime contractors to serve as national (Midtown Group) and regional (Analytic Acquisitions and Windsor Group LLC) administrators. USDA provided support throughout the process to the third-party administrators for all aspects of the program. Since deep knowledge of agriculture and trusted relationships with farmers are essential to the program, to augment the work of the contracted entities, USDA also entered into cooperative agreements with several community groups or “cooperators” to provide outreach and technical assistance. Cooperators met frequently with USDA and the program administrators, to get and provide information.

Cooperators shared information with their members and established networks, hosting in-person and virtual events, and coordinating with the regional hubs and USDA to offer their insights on best practices for reaching key audiences based on their experience and providing other support and partnership for outreach efforts. Most of the cooperator organizations also offered training sessions on how to complete applications and assisted producers with completing applications.

The USDA cooperators included:

- AgrAbility
- Farmer Veteran Coalition
- Farmers’ Legal Action Group
- Federation of Southern Cooperatives
- Intertribal Agriculture Council
- Land Loss Prevention Project
- National Black Farmers Association
- National Young Farmers Coalition
- Rural Coalition, working with its member organizations, which include: American Indian Mothers, American Indian Movement, Compañeras Campesinas, Campesinos Unidos,

⁵See *Inflation Reduction Act Assistance for Producers Who Experienced Discrimination in USDA Farm Loan Programs*, U.S. Department of Agriculture (Jan. 17, 2024), <https://www.farmers.gov/loans/inflation-reduction-investments/assistance-experienced-discrimination>.

Cottage House, Danley Point, Grupo Amor de Homestead, Kansas Black Farmers Association, Latino Farmers and Ranchers International, Latino Farmers of the Southeast, Lideres Campesinas, Oklahoma Black Historical Research Project, Rural Advancement of the National Sharecroppers Fund, and Texas Coalition of Rural Landowners.

USDA also entered into agreements with the Extension Foundation, American Farmland Trust, and the National Cooperative Business Association, funding an outreach support program under which they, in turn, subcontracted with about 40 community-based organizations, each of which marketed and hosted three or more outreach/technical assistance events for their networks, staffed by the regional administrators, to further spread awareness and assist applicants.

During the application period, the regional administrators and the cooperators held thousands of outreach and technical assistance events across the United States, ranging from small, dedicated gatherings at churches and land-grant universities, to large events like Farm Aid and the Congressional Black Caucus Institute meeting in Biloxi last summer. In sum, DFAP administrators and cooperators hosted roughly 4,000 events across every state, territory, and the District of Columbia. This includes more than 3,000 outreach events by regional administrators and more than 800 by cooperators. Most of those events were in-person, but there were also many virtual outreach opportunities; a minimum of eight technical assistance webinars were offered weekly (six in English and two in Spanish), at different times so potential applicants could find a time that worked for them. This is in addition to advertising on digital, print, and radio channels targeting farmers and rural communities to reach potential applicants.

The DFAP call center also fielded nearly 58,000 calls, and the administrators and cooperators assisted thousands of producers with their applications. The program administrators hosted over 6,500 office visits and over 4,500 technical assistance sessions at local program offices and other locations.

b. Were such steps effective?

RESPONSE: In USDA's view, the outreach was effective.

c. How does USDA plan to evaluate the effectiveness of its outreach to eligible farmers, ranchers, and forest landowners? What metrics does it intend to use?

RESPONSE: USDA continues to evaluate the effectiveness of its outreach.

d. Did USDA host any workshops, webinars, and/or information sessions, either in person or virtually, for eligible farmers, ranchers, and forest landowners? If so,

how many? Please provide the location and date for each in-person outreach event.

RESPONSE: Program administrators and cooperators hosted roughly 4,000 events across every state, territory, and the District of Columbia. This includes more than 3,000 outreach events by program administrators and more than 800 by cooperators. Most of those events were in-person, but there were also many virtual outreach opportunities; a minimum of eight technical assistance webinars were offered weekly (six in English and two in Spanish), at different times so people could find a time that worked for them. A list of local events can be found here: <https://22007apply.gov/local-assistance.html#local-events>

The DFAP call center also fielded nearly 58,000 calls, and the vendors and cooperators assisted thousands of producers with their applications. The program administrators hosted over 6,500 office visits and over 4,500 technical assistance sessions at local program offices and other locations.

USDA also held webinars for chapters of the National Farmers Union, state agriculture departments, and land-grant extension personnel to help increase awareness of the program through their networks.

- e. Did USDA send proactive electronic communication or physical mailings to eligible farmers, ranchers, and forest landowners? If so, on how many occasions? Please provide copies of any electronic or physical outreach correspondence sent to farmers, ranchers, and forest landowners.

USDA implemented a robust effort targeting our existing program participants and stakeholders, promoting the program on Farmers.gov, and on each FSA state page—the landing pages for information related to each state. The Department provided public affairs and outreach staff at FSA, NRCS, and RMA, with a communications toolkit about the program so they could share information about program enrollment with partners, at speaking engagements, and on various platforms. The Department also provided for FSA staff in every state and county to print and have available at the counter as well as to use at outreach events. FSA shared regular updates throughout the program through its e-newsletter distribution system; communications about the program were issued as standalone distributions and also in distributions highlighting many programs, both these were pushed out through each state and county distribution lists. Those lists are robust; individuals can sign up for them at county offices, programs, or state offices and we use them to communicate regularly.

In addition, USDA leaders frequently discussed the program at speaking events as they traveled the country. And USDA held webinars for chapters of the National Farmers Union, state agriculture departments, and land-grant extension personnel.

Where USDA had current addresses, the Department also mailed postcards to thousands of producers who, in years past, received awards from prior discrimination claims to counter misinformation that they were not eligible to apply for this program's financial assistance. Program administrators also sent many proactive communications. From September 23 through January 24, DFAP produced and distributed 23 newsletters, available at <https://22007apply.gov/media.html#weekly-newsletter>. Program administrators posted 115 posts on Facebook, 93 posts on X (formerly known as Twitter), and 94 Instagram posts.

- f. Did USDA provide any sort of hotline for eligible farmers, ranchers, and forest landowners to get questions answered?

Potential applicants could contact the DFAP Call Center via email or phone. During the application period, the DFAP Call Center was open from 8 am EST to 8 pm PST, 7 days per week, excluding federal holidays. It remains open for ongoing questions by applicants (although due to reduced demand after the close of the application period, weekend hours were eliminated in February 2024).

- g. Did USDA work with any external partners to engage in outreach? If so, who else did USDA work with? How did these partners support USDA's outreach objectives?

See response (a.).

Senator Peter Welch

1. **Renewables and Farm Revenue Diversification:** Our small farms often deal with tight budgets and look for ways to increase and diversify their incomes.

Farms using renewable energy increased 15% from 2017 to 2022, according to the 2022 Census of Agriculture.

- a. How can programs like the Rural Energy for America Program (REAP) help small farms diversify income with renewable energy projects?

RESPONSE: Supporting renewable energy and energy-saving systems helps the people of rural America create thriving, livable communities. When we invest in rural communities, we are

supporting hard work that sends a ripple effect across our country. Clean energy is critical to the future of our economy, and the Inflation Reduction Act provides the Biden-Harris Administration with the resources to build a more prosperous rural America while tackling the climate crisis and lowering energy costs.

Recipients may use REAP funds to install renewable energy systems or to make energy-efficiency improvements. Reducing energy costs or even being paid for extra energy production allows businesses to reinvest funds towards diversifying their operation.

b. How can REAP help farmers sustainably site renewables?

RESPONSE: Thanks to the Inflation Reduction Act, the Rural Business Cooperative Service has provided assistance to REAP applicants in the form of technical assistance through REAP Technical Assistance Grants, increased staffing including Climate Fellows, and webinars/information fairs.

All federally funded projects – including wind and solar projects – must be evaluated for significant impact on farmland. By law, to minimize the use of federal funds contributing to the unnecessary conversion of farmland to nonagricultural uses, alternative sites must be considered. This falls under the Farmland Protection Policy Act and is guided by USDA’s Natural Resource Conservation Service as part of the environmental review process. Additionally, projects that are considered agrivoltaic or agriculture/ energy colocation are eligible for \$144.5 million in set aside underutilized technology funds.

2. **Rural Development staffing:** The USDA Rural Development office faces significant staffing challenges.

a. What steps should Congress take to increase appropriations for staffing and information technology resources at USDA RD?

RESPONSE: Rural Development staffing has been declining since 2006 while the program level has been increasing exponentially. RD programs are focused on rural areas that are underserved and unserved. The Administration has been focusing on increasing RD support not only in these areas but also in areas that historically have not been receiving funding. This effort requires manpower and IT resources to improve and increase capacity building in rural communities across the Country, and USDA appreciates existing and additional investments.

3. **Land Access:** Land access is a major challenge in Vermont and across the country. That is why I cosponsored the bipartisan Increasing Land Access, Security, and Opportunities Act (S.2340, HR.3955), which would establish the Increasing Land, Capital, and Market

Access Program. The program would make funding available to help farmers acquire land, make site improvements, and access training and technical assistance.

We believe that the inclusion of this bill in the Farm Bill would be a critical tool in meeting the needs of a new generation of farmers and addressing our crisis of land access.

- a. Can you provide us with any insights into what the Department may need to successfully run the Increasing Land, Capital, and Market Access Program over the next five years if it is permanently authorized in the Farm Bill?

RESPONSE: Land access is a huge challenge for both the next generation of farmers and ranchers as well as those interested in expanding their business. The permanent establishment of this program would continue the efforts that started with the Increasing Land, Capital, and Market Access Program as authorized under Section 1006 of the American Rescue Plan Act, as amended by Section 22007 of the Inflation Reduction Act, ensuring underserved producers have resources, tools, programs, and technical support they need to succeed. Many of the processes that are being developed will help lead to a successful implementation of the program. Programs such as this allow community leaders to creatively solve problems that their constituents face directly. To administer this program, it is critical to have staffing in place to ensure that we are providing the recipients with proper technical support particularly as they work to build capacity. There is a lot of interest in this program so making the program permanent could help ensure expansive efforts across the country.

4. **RMA Apple Rule:** The USDA recently decided against issuing a final rule that would have made changes to the indemnity calculation and increased reporting requirements to the existing Apple Crop Insurance Policy. These changes would have adversely impacted Northeast apple growers. Instead, USDA chose to continue engaging with apple growers to improve risk management options to support American farmers.

- a. What specific steps is USDA taking to engage New England apple growers on strategies to provide a flexible safety net for farmers in our region?

RESPONSE: RMA valued the feedback received from Vermont producers and agents during the proposed rule comment period and at our summer 2023 listening session in New England. Based on this feedback, RMA determined more time was needed to finalize any changes. Additionally, RMA has identified several issues for collaboration with New England growers through our engagement to date, and we are using meetings this spring to develop solutions for region-specific issues.

To date this year, RMA provided an update on our work on apples at the Vermont Apple Growers Meeting this February and will also participate in the New Hampshire Fruit Growers Meeting this March.

5. **Dietary Guidelines for Americans and Alcohol:** The Dietary Guidelines Advisory Committee (empowered by HHS and USDA) has traditionally been responsible for developing guidelines around alcohol consumption as part of the Dietary Guidelines for Americans (DGA) process. These guidelines have reflected the current body of nutrition science that public health and health policy professionals use as they provide balanced advice to American consumers on how to make healthy choices about what to eat and drink. For the 2025 DGA review process, Congress appropriated \$1.3 million for the National Academies of Sciences, Engineering and Math (NASEM) to study 8 questions on alcohol and health. The FY23 appropriations language stipulates:

That the Secretary of Agriculture shall ensure that the 2025 Dietary Guidelines for Americans process includes a recommendation for alcohol and shall be based on the preponderance of scientific and medical knowledge consistent with section 5341 of title 7 of United States Code: Provided further, That the Secretary of Agriculture shall ensure the process is fully transparent and includes a balanced representation of individuals who are unbiased and free from conflicts of interest. (PL 117-328).

- a. Mr. Secretary, on the topic of the Dietary Guidelines for Americans (DGA) and alcohol, please describe the steps you are taking to ensure USDA is engaged in the current review of dietary guidelines on alcohol consumption and provide an update on status of the review process.

RESPONSE: In early 2022, the Interagency Coordinating Committee on the Prevention of Underage Drinking (ICCPUD), asked the Substance Abuse and Mental Health Services Administration (SAMHSA), as the convenor of ICCPUD, to support a technical subcommittee with expertise on adult alcohol consumption to provide leadership, oversight, and consultation related to the review of current scientific evidence on the relationship between alcohol intake and related health outcomes. The subcommittee will review and assess the scientific evidence and provide a synthesis of the data, summarize the science, and provide findings to the Secretaries of HHS and USDA for their consideration during the development of the 2025-2030 Dietary Guidelines.

In the 2023 Consolidated Appropriations Act, after the ICCPUD work had begun, Congress mandated that USDA enter a contract with the National Academies of Sciences, Engineering, and Medicine (NASEM) to conduct a series of systematic reviews on alcoholic beverages and health.

The studies are complementary with ICCPUD using modeling studies to estimate risks (if any) between alcohol intake and various health outcomes and NASEM conducting systematic review and/or evidence scans on alcohol intake and various health outcomes. USDA worked with both entities to ensure that NASEM's work could be completed in time to be part of ICCPUD's evidence analysis and information provided to USDA and HHS to inform the development of next edition of the Dietary Guidelines.

At this time, ICCPUD and NASEM are working on parallel tracks to review evidence – NASEM with its committee of external experts to conduct the systematic reviews and ICCPUD with its Scientific Review Panel of external experts to conduct modeling and analyses. USDA and our Dietary Guidelines partners at HHS serve in a liaison role, where we provide information, as needed, as subject matter experts on the Departments' needs for our development of the next edition of Dietary Guidelines. The opportunity for public engagement is part of both projects, which are slated to be completed by the end of December 2024. In early 2025, ICCPUD's Technical Review Subcommittee, comprised of members from various federal agencies, will consider the Scientific Review Panel and NASEM committee study findings as part of their broader review process on alcohol intake and provide findings to the Secretaries of HHS and USDA for their consideration during the development of the 2025-2030 Dietary Guidelines. We will be able to provide information on USDA's engagement in this phase as the time for it draws closer.

The ICCPUD Technical Review Subcommittee findings will be published as part of the ICCPUD's 2025 Report to Congress on the Prevention and Reduction of Underage Drinking as required by Congress. This timeline will allow for the topic of alcoholic beverages and health to be considered by HHS and USDA as the departments jointly develop the next edition of the Dietary Guidelines for Americans.

6. **Administrative Crop Insurance Changes:** As you know, last year Vermont experienced an unseasonable freeze in May and extreme flooding in July that devastated our agricultural sector. Specialty crop producers lost harvests for the entire growing season, dairy producers have seen lower production due to lost or damaged feed in the field, many farmers saw massive amounts of damage to farm machinery and structures. The Vermont Agency of Agriculture estimates that these disasters caused upwards of \$69 million to Vermont's food system.

A Vermont Agency of Agriculture Survey also found that of the more than 260 farmers surveyed, 70% of respondents had no crop or livestock insurance and only 14% were enrolled in Noninsured Crop Disaster Assistance Program (NAP). Crop insurance and NAP are supposed to be farmers' hedge against these disruptions; however, Vermont

farmers don't participate in these programs because the insurance products that exist are not designed for the type of agriculture we practice in our state.

- a. What measures has the USDA taken to address low enrollment rates in crop and livestock insurance?

RESPONSE: Over the last three years, RMA has held roadshows and listening sessions for Whole Farm Revenue Protection and Micro Farm, livestock, apples, and prevented planting. These events, both in person and virtual, allowed for direct stakeholder feedback to understand how RMA can improve policies and to hear whether producers can access these policies. RMA would be glad to work with your office to have similar events.

In response to the floods last summer, RMA worked with cooperative extension across New England to identify existing meetings where we could reach out to specialty crop growers about Whole Farm Revenue and Micro Farm. These engagements included the Vermont Vegetable and Berry Grower Annual meeting this past January, as well as Vegetable Grower meetings in Massachusetts, Connecticut, and Maine. RMA also worked collaboratively with the University of Massachusetts cooperative extension to record two webinars for producers interested in WFRP and Micro Farm.

- b. Please describe existing USDA educational initiatives focused on improving access to these tools. What steps is USDA taking to raise awareness of these initiatives and ensure those in need can access them?

RESPONSE: RMA's commitment to educating New England growers includes hiring an employee in New England who can work specifically on issues in the region and participating in as many stakeholder events as possible. Since 2021, RMA invested in nine partnerships covering/within the New England region, totaling about \$5 million to deliver crop insurance training and education. So far in 2024, RMA has participated in four different vegetable grower meetings, two apple grower meetings, two shellfish producer meetings, and recorded two webinars targeted towards diversified vegetable producers in New England.

Senator John Fetterman

1. Last October, USDA introduced a new crop insurance program tailored for controlled environment agriculture (CEA). While it's a step towards supporting innovative agriculture and expanding markets, the program's limited coverage leaves many CEA growers disappointed. With indoor producers facing various risks like water or electrical failures (e.g. catastrophic losses due to municipal water or pipe failures, electrical grid

failures, etc.), what steps will USDA take to ensure RMA creates a more inclusive insurance program for CEA and mushroom growers?

RESPONSE: RMA will work with CEA and mushroom growers to hear concerns and make improvements where possible. RMA would welcome any of your constituents to directly reach out with their suggestions and concerns.

2. Currently, there are limited fresh produce options in USDA's federal procurement programs for emergency feeding sites. Of the \$470 million spent on food in TEFAP last year, only about \$6.5 million was spent on fresh fruits and vegetables – spread over about six commodities. What is the Department doing to bolster access and improve the variety of fruits and vegetables offered through federal procurement programs. Are there any legislative or regulatory barriers we need to address to strengthen the fruit and vegetable procurement process?

RESPONSE: In Fiscal Year 2023, approximately 18% of the pounds purchased and distributed to TEFAP were fresh produce. This totaled nearly \$260 million in support for domestic fresh fruits and vegetables going into emergency food programs and supporting farmers across various commodity types. There are no legislative or regulatory barriers to procuring fruits and vegetables. Foods provided to emergency feeding programs are supplied through a variety of funding sources, including TEFAP funds provided by Congress, as well as foods purchased through Section 32 market support and the Commodity Credit Corporation (CCC). States and food banks choose how to use TEFAP funds provided by Congress, selecting and placing orders from a catalog of food items, including fresh produce. To expand fresh produce options, FNS introduced the TEFAP mixed fresh produce boxes in FY21. This pre-packaged box provides at least four types of fresh fruits and vegetables, with variations depending on seasonal and local availability. Farm to Food Bank Projects, which provide TEFAP State agencies with funding for projects to harvest, process, package or transport commodities donated by agricultural producers—including fruits and vegetables—for use by the emergency feeding network, provides an opportunity for further support of fresh produce in TEFAP.

3. This past October the GAO released a report entitled, "Sugar Program – Alternative Methods for Implementing Import Restrictions Could Increase Effectiveness." The report had three key recommendations: 1) USDA should evaluate the effectiveness of the current method and alternative methods for allocating raw sugar tariff-rate quotas, 2) USTR should evaluate alternative allocation methods for consistency with U.S. law and international obligations and 3) USTR should use the results of these evaluations to validate or change its quota allocation method. Both USTR and your agency, USDA, formally concurred with those recommendations.

- a. Can you share any updates on progress made toward implementing those recommendations?

RESPONSE: The USDA Foreign Agricultural Service, in coordination with other relevant USDA agencies, is currently evaluating the effectiveness of the current WTO raw sugar tariff-rate quota (TRQ) allocation method versus other TRQ allocation methods to determine which method would most effectively maintain an adequate sugar supply and minimizes costs to the government. USDA will be happy to keep the Committee updated on our progress in implementing the recommendations in the report.

- b. When can we expect the findings from USDA after its evaluation of raw sugar tariff-rate quota reallocation methods?

RESPONSE: USDA does not have a specific timeline for the findings, but I can assure you that USDA will communicate the findings as soon as they become available.

4. Bipartisan consensus on this committee agrees that USDA conservation programs are popular and successful for farmers. In recent climate smart agriculture payments under the IRA, you approved funding for dairy farms, with one practice example being methane emissions reductions. These payments are not without controversy, but dairy farmers in PA greatly benefit from payments like this. How did the department determine that these projects will reduce emissions and help our environment?

RESPONSE: In deciding what practices are included on this list, NRCS uses a rigorous science-based, systematic process including examining the scientific literature, critical review of the best available evidence, and collecting expert knowledge and experience. The manure and feed management practices included in the list are expected to reduce emissions from livestock operations when compared to the typical ways these practices are implemented. For example, the manure management practices added in 2024 (Composting Facility, Covers for anaerobic lagoons or liquid waste storage structures, Compost bedded pack system) can be implemented in specific ways that would result in fewer emissions when compared to the more typical uncovered anaerobic lagoon or liquid storage systems. The Feed Management practice – specifically manipulating the quantity and quality of dietary nutrients, additives, or ingredients in livestock and poultry diets – was also added and can be implemented in several ways to reduce enteric methane emissions. In addition to the practices' anticipated methane mitigation benefits on animal feeding operations, they are also typically planned as part of a conservation system, resulting in improved soil and water quality, reduced nutrient and pathogen movement, odors, and dust, which can impact local communities.

5. My office has been working with GoPuff—a Philadelphia-based company—on their application to become an online SNAP vendor for several months now. While FNS staff have been helpful to both my staff and GoPuff, I am concerned this delay is impacting access for SNAP beneficiaries; another delivery option would improve food access in food deserts. Will you commit to completing the Department’s review and decision process on GoPuff’s application to be an online SNAP vendor expeditiously?

RESPONSE: USDA shares your commitment to expanding purchasing options for SNAP participants. The SNAP Online Purchasing Pilot has made significant progress over the past several years. Online purchasing using SNAP benefits is now available in all 50 States and the District of Columbia and millions of Americans are already using their benefits to buy food online every month.

USDA continues to expand the SNAP Online Purchasing Pilot by approving additional vendors. Each entity seeking approval to accept SNAP benefits online comes to USDA in a variety of circumstances that make each review process unique. USDA subject matter experts continue to work closely with entities seeking to accept SNAP benefits online. This includes reviewing the application submitted by GoPuff as an online-only entity. This review process is consistent with standard procedures designed to ensure program integrity and compliance with the Food and Nutrition Act of 2008.

Senator John Hoeven

1. I understand that the Dietary Guidelines Advisory Committee has been meeting regarding the upcoming 2025 Dietary Guidelines for Americans.
 - a. Can you provide an update on this process, including when we can expect a report from the Advisory Committee?

RESPONSE: The 2025 Dietary Guidelines Advisory Committee’s work is ongoing. As of February 28, 2024, they have held four meetings; all meetings of the Dietary Guidelines Advisory Committee are public. The Committee’s next meeting will be in May 2024. More information is available at <https://www.dietaryguidelines.gov/get-involved/attend-virtual-meetings>. The Committee’s report is expected by the end of 2025.

2. It is my understanding that USDA and HHS have tasked the Substance Abuse and Mental Health Services Administration (SAMHSA) with evaluating alcohol as it relates to the 2025 Dietary Guidelines for Americans (DGA).

- a. Can you provide further information on the process and scope of work that SAMHSA is undertaking as it relates to alcohol recommendations for the 2025 DGA?
- b. Will the public have an opportunity to review and comment on SAMHSA's evaluation in a manner similar to the existing DGA process?

RESPONSE TO BOTH: In early 2022, the Interagency Coordinating Committee on the Prevention of Underage Drinking (ICCPUD), asked the Substance Abuse and Mental Health Services Administration (SAMHSA), as the convener of ICCPUD, to initiate work on alcohol consumption and health as part of a broader scientific review and annual ICCPUD report. SAMHSA is responsible for providing administrative and operational support for ICCPUD under authority delegated by HHS. As part of this work, ICCPUD is supporting a Scientific Review Panel (SRP), comprised of external scientific experts, that will analyze the current scientific evidence on youth and adult alcohol intake and health risks (if any) for a range of health outcomes. The SRP will provide its findings to the Technical Review Subcommittee comprised of Federal agency experts. The Technical Review Subcommittee will assess the scientific evidence provided by the SRP in conjunction with the NASEM study findings related to health effects of alcohol intake among adults and provide a synthesis of the data and summarize the science for the 2025 Report to Congress. This information will also be provided to HHS and USDA for consideration during the development of the 2025-2030 Dietary Guidelines for Americans as they will be making all recommendations related to the Dietary Guidelines. ICCPUD will not be making recommendations on alcohol consumption for the 2025-2030 Dietary Guidelines for Americans.

To ensure transparency and opportunity for public comment, ICCPUD has created multiple opportunities for public comment on the Alcohol Intake and Health Study, as well as a public meeting with interested stakeholders as part of the annual ICCPUD Stakeholders meeting. First, ICCPUD solicited public comments during the summer of 2024 on the scientific methodology and study protocols of the Alcohol Intake and Health Study. This request for comment was posted to the public docket OASH maintains on the Dietary Guidelines. Second, there will be an opportunity in late 2024 for public comment on the draft study outcomes. In addition, on August 7, 2024, the ICCPUD convened its annual stakeholders meeting which was open to the public. During this meeting, ICCPUD members provided updates on the Alcohol Intake and Health Study. It is also worth noting that information is updated on the ICCPUD website to ensure transparency throughout the process.

Additionally, in the 2023 Appropriations Act, Congress mandated USDA to enter into a contract with the National Academies of Sciences, Engineering, and Medicine (NASEM) to conduct a series of systematic reviews on alcoholic beverages and health. NASEM's work has begun, and

the public will have the opportunity to provide comments to the NASEM Committee at its public meetings.

Senator Joni Ernst

1. As you know very well, Iowa is the leading state for pork production. However, California's Proposition 12 is set to devastate our family farms and only further consolidate the market. Our pork producers simply don't have the cash on hand needed to restructure their barns. Even if they do make the investment, there is no certainty as to what the housing standards will be a few years down the road. Ultimately, what Proposition 12 has done is set the stage for a patchwork of state policies that will undermine our ability to feed a hungry nation and world. You name the farm animal or commodity; individual states can now take up legislative proposals to regulate it beyond their borders. A couple weeks ago in front of the House Agriculture Committee, you echoed similar concerns and said laws like Proposition 12 will cause "chaos" in the marketplace if Congress doesn't act.
 - a. Could you share the risks Proposition 12 and conflicting requirements across all of the 50 states would have on American agriculture?

RESPONSE: When policies are similar in nature and stated objectives, like Proposition 12 and Massachusetts' Question 3, it is possible that the national industry could be pushed towards the requirements set by a subset of the national market. However, as we have seen with other policies like those addressing table egg and laying hen production, some State-level policies can create conflicting forces on national markets. As several U.S. States have already or are due to prohibit the sale of non-cage-free eggs by 2026, State policies could be crafted to oppose the goals of policies passed by other States across the country. Similar circumstances are reasonably foreseeable in the pork industry, given that State-level pork production regulations have followed a similar, if somewhat lagged, trajectory as those of the egg industry.

- b. If Congress doesn't act quickly to enact a legislative fix, do you foresee Proposition 12 intensifying farm consolidation?

RESPONSE: There are several facets of the current industry that might affect how Proposition 12 impacts farm consolidation. First is the extent to which the industry has already begun to shift away from gestation crate housing. California is not the only State with a policy banning the use of gestation crates in pork production, though Proposition 12 does go beyond this by imposing space requirements as well. While not all policies are fully implemented yet, by 2026 (when all current gestation crate policies across the United States are in full force), as much as 17 percent of all hog operations and 18 percent of breeding operations will be in States requiring gestation crate-free production (assuming operation distributions equivalent to 2002-2020 averages)

(Figures from [ERS EIB 245](#)). Whether any additional capacity needed to meet California demand would drive producers out of the market and contribute to consolidation is unclear, especially as pork production's financial sustainability is simultaneously being challenged by historically low prices and profitability. Furthermore, the role of integrators, packer requirements, and contract farming in hog production already creates a unique set of circumstances and market limitations for the U.S. hog producer. Identifying the impact of Proposition 12 on farm consolidation rates is thus subject not just to market opportunities in California, but also to the reactions of several players along the supply chain to the policy requirements and the trickle-down effects on the individual hog farmer.

- c. Has the USDA conducted any studies on the impacts of Proposition 12, specifically on the pork industry? If so, can you share the results of those studies?

RESPONSE: USDA has not conducted a study on the impacts of Proposition 12 on the pork industry.

- d. In your discussions with our trading partners—namely Canada and Mexico—do you anticipate any trade disputes or retaliatory tariffs as a result of Proposition 12?

RESPONSE: USDA is not positioned to anticipate future disputes or retaliatory tariffs.

- 2. Mr. Secretary, earlier this month you sent a letter to 47 different states and territories regarding their Supplemental Nutrition Assistance Program (SNAP) integrity and administrative issues. An alarming item in many of these letters is the growing payment error rate, as shown from the quality control reporting process. Using data the USDA released late last year, the national overpayment rate in SNAP was nearly 10% for fiscal year 2022. In total, these overpayments represent nearly \$1 billion per month in erroneous SNAP payments. If this rate continues for the next ten years, more than \$100 billion of SNAP spending would be due to poor state administration of the program. Again, these costs fall directly on the backs of the American taxpayer. In order to maintain bipartisan support for this important food safety net program, it is critical we hold states accountable as they do the groundwork of distributing benefits to hungry families.

- a. A part of your authority as Secretary is the ability to place sanctions against states and require they pay back a portion of their overpayments.

- i. Do you intend to follow through with this authority and hold individual states accountable for their use of taxpayer dollars?
- ii. Can you share how many dollars the USDA has collected from states through the use of liability mechanisms?

RESPONSE: USDA is deeply committed to ensuring program integrity and good stewardship of taxpayer dollars. We will continue to hold States accountable for their administration of SNAP, and we have taken aggressive action to modernize and strengthen SNAP, including protecting the program from threats to its integrity. USDA takes our oversight and monitoring role of State SNAP performance seriously, and we are working to help States accelerate their progress on reducing payment errors. This includes working with our State partners to tackle issues at their root cause through ongoing engagement on corrective actions and opportunities for targeted improvement.

Under our authority, State agencies with high payment error rates for two consecutive years are assessed liability amounts. In these cases, a State must either pay USDA back the amount in full or invest half of the amount into efforts to address the root causes of the payment errors. The remaining half is held “at-risk” for another year, and if the State continues to have a high payment error rate, the State is required to pay the remaining balance back to USDA.

Because of the pandemic-related SNAP Quality Control flexibilities for States provided by Congress, USDA was unable to publish the annual national and State payment error rates for FY 2020 and FY 2021. Therefore, there were no liability amounts assessed to States related to payment error rates in those two years. Because USDA published the first post-pandemic SNAP payment error rates for FY 2022, those rates serve as the first of the two consecutive years for assigning State liability amounts due to high payment error rates. USDA will publish the FY 2023 SNAP payment error rates in June 2024 and based on a preliminary review of State reported 2023 data, we expect that a group of States will be assessed liability amounts at that time. Any information of FY 2023 SNAP payment error rates and liability amounts is preliminary until the rates are published in June.

Looking at the most recent pre-pandemic years, for FY 2018 and FY 2019, USDA assessed a total of approximately \$66 million in liability amounts to States with high SNAP payment error rates. To date, USDA has collected approximately \$12 million from States assessed liabilities in those years. This is due to several factors. The liability resolution process is a multi-year process, and the majority of States opt to spend half of the assigned liability amount on investment activities to address the root cause of payment errors that span multiple years. In addition, for amounts assessed in FY 2019, all but one State opted to invest 50% of the assessed liability amounts on activities focused on improving the State’s administration of SNAP. When FY 2020

payment error rates could not be established due to the pandemic, the remaining 50% of the assessed liability amounts for those States was no longer subject to repayment to USDA.

3. As you are likely aware, the Department of Education (ED) has recently undergone an overhaul of the Free Application for Federal Student Aid (FAFSA), which includes a new asset reporting requirement for students from agricultural backgrounds. On Question 22, families will now have to report the total value of all “for-profit agricultural operations,” which includes the fair market value of land, buildings, livestock, unharvested crops, and machinery being used in agricultural activities. This will have a drastic impact on the student aid amount and potential need-based grants students are eligible to receive. As you know, farm families are cash poor but asset rich, and the value of land and machinery holdings are not a reflection of a families’ ability to leverage their business to send a child to college.
 - a. In order to correct the impact of this change on the FAFSA form, will you commit to working with Education Secretary Miguel Cardona on a solution to reverse this reporting requirement?

RESPONSE: I commit to working with my partners across the federal government to better understand this issue.

- b. Additionally, will you commit to working with members of Congress, including myself and the Ranking Member Boozman, to ensure there is transparency in the data collection process as ED works through this adjustment to net worth reporting?

RESPONSE: I commit to working with my partners in Congress to better understand this issue.

4. Mr. Secretary, the Government Accountability Office (GAO) says your headquarters has a space utilization rate of just 11 percent. As I shared in the hearing, my office has also received an anonymous letter from a whistleblower who claims to be a supervisor at the USDA headquarters in Washington DC. Postmarked as November 27, 2023, I have submitted the full letter into the official record.
 - a. Based upon IT login information, office swipe-ins, and other measurable and observable factors, how many employees spend the majority of their working hours in a region with a lower locality pay rate than where their designated primary workstation is located, but continue to receive the higher locality pay associated with the primary workstation?

RESPONSE: USDA policy requires that employees receive the locality pay rate for where their official duty station is located.

- b. What is the typical daily onsite attendance in the agency's office buildings as a proportion of its total workforce?

RESPONSE: About two-thirds of USDA employees nationwide are either not eligible for any telework, are eligible only for ad-hoc situational telework, or work on a mobile basis daily. When combined with those who telework on some regular schedule, well over 70 percent of USDA employees work in-person on a typical day.

- c. Has USDA measured the monetary and environmental cost of maintaining underutilized space in terms of energy usage and emissions? If so, what has it found?

RESPONSE: No, USDA has not studied this specific metric.

- d. What, if any, actions are being taken or planned to reduce underutilization of building and office space? Has USDA's overall office space increased, decreased, or remained relatively the same since April 1, 2020, and by how much?

RESPONSE:

USDA is accelerating its space optimization efforts. In alignment with the Administration's priorities, USDA conducted separate telework and space surveys to facilitate informed decisions regarding USDA's office footprint. USDA also temporarily paused General Services Administration (GSA) projects to allow time to assess and adjust space requirements in the National Capital Region (NCR) and across the country. As a result, USDA reduced or eliminated \$39 million in tenant improvement (TI) costs and placed USDA on a trajectory to reduce its office footprint by over a million square feet in the next three years. In FY 2023, USDA reduced its footprint by over 600,000 SF and has identified an additional 500,000 SF for reduction over the next twelve months.

Some of our recent and upcoming consolidation and space reduction efforts in the National Capital Region and around the country include:

- In the National Capital Region, USDA vacated Patriot Plaza III four years early, resulting in a reduction of 300,000 SF and a cost avoidance of \$40 million.
- USDA is reducing its footprint by 350,000 SF in Kansas City. As a result, USDA will benefit from \$185 million in cost avoidance.
- USDA reduced its footprint in St. Louis by 367,000 SF resulting in cost avoidance of \$175 million.

- USDA reduced its footprint in Atlanta by 40,000 SF at the end of FY 2022, resulting in a reduction of \$1 million in rental expenses annually.

e. Have waiting lists or backlogs increased or decreased since April 1, 2020?

RESPONSE: Despite the unprecedented new duties and programs assigned to USDA by Congressional actions over the past three years, employees have produced more work than ever. The suggestion that employees are not productive is off base. Regardless of where employees are physically located, they have risen to the challenge.

f. Federal employees' official worksite that defines their location-based pay requires them to show up to the office at least twice a week, but this standard is waivable on an employee-by-employee basis.

i. How many exceptions to the standard twice-in-a-pay-period has the USDA issued since the pandemic and has the agency revoked any of these exemptions?

RESPONSE: USDA telework policy, similar to many other departments, requires managers and supervisors to report to the office for 50 percent of their hours worked, but employees on routine telework schedules must work 20 percent of their hours in person. Any waivers typically are the result of Reasonable Accommodations provided under law for those with permanent or temporary disabilities. Some employees (less than 18 percent nationwide) have moved to full-time remote schedules, but these are not "waivers" to the telework policy, but rather an entirely different type of schedule.

Senator Roger Marshall, M.D.

1. USDA was sued several times and had several injunctions placed against it in implementing a program that discriminated against farmers on the basis of race and sex. Now, you have provided an extra 15% in ERP payments for farmers on the basis of race and sex and automatically provided them payments under the non-insured crop program amounting in many cases significantly more than 15%. This appears as if USDA is again discriminating against farmers on the basis of sex and race.

a. Is this not discriminating against certain protected classes of farmers?

b. Did you consult with your Office of General Counsel on the constitutionality of providing benefits solely on the basis of race and sex?

- c. If yes, what evidence did you consider when developing these gender and race based categories?

RESPONSE TO ALL: USDA makes all efforts to ensure that its actions are consistent with the law.

2. Section 22007 of the Inflation Reduction Act provides \$2.2 billion in financial assistance for farmers who have experienced discrimination in USDA farm lending programs. We have significant concerns about the decision-making process for this program and how the funds are being spent. Our concern is heightened by the fact that three, private vendors (Midtown Group, Windsor Group, and Analytic Acquisitions)—not USDA—are making the decision about who qualifies and how much to pay them. I believe that this is essential to ensure that Section 22007 is implemented in a way that is fair, transparent, and accountable. Even though the application window closed on January 13, 2024, USDA has still not finalized its scoring documents and validation guides.

- a. When will USDA issue a final version, and will there be an opportunity to evaluate the criteria before taxpayer funds start to flow?

RESPONSE: Congress directed USDA to establish a program to provide financial assistance to individuals who experienced discrimination in farm lending and to select non-governmental entities to administer the program. USDA has worked hard to fulfill its statutory requirements by conducting multiple stakeholder meetings/conducting a vendor selection process according to the FAR/providing support to the vendors as they design systems to validate the eligibility applications, evaluating applications to determine the impacts of discrimination experienced, and determining appropriate levels of financial assistance based on an individual's unique circumstances. Payment determinations include several stages:

- Validation of eligibility, and scoring of eligible applications based on estimated consequences of the experienced discrimination.
- Payment integrity checks
- Calculation of relationship between score and financial awards, based on the number of eligible individuals and their application scores.
- Review and endorsement of recommended Award distribution.

As your question states, individual decisions will be made by the program administrators, after two independent reviews by different teams. USDA is conducting robust oversight, using risk-based criteria to review a portion of recommended outcomes, and also evaluating the legal sufficiency of a sample of the recommendations.

Because of the need for speedy implementation of the program and distribution of the financial assistance, evaluation criteria remain subject to updating, based on what is learned from applications as they are reviewed. Therefore, there is not a final version available. USDA does not anticipate releasing a criteria document.

- b. Will the final decision on payment and amounts be appealable outside of the three vendors?

RESPONSE: No, there will be no appeal.

- i. Who has the final decision?

RESPONSE: DFAP is being administered by its non-governmental administrators, as Congress instructed. The individual decisions by the National Administrator are being subjected to robust oversight, as USDA uses risk-based criteria to review a portion of recommended outcomes, and also evaluate the legal sufficiency of a sample of the recommendations. At the end of the process, USDA will receive a list of recommended denials and awards for its review/endorsement.

- c. Do you have a process set out for those whose claims are denied or think they are entitled to greater compensation?

- i. If so, what is it?

RESPONSE: The DFAP application form and the submitted documents constitute the entire application; there will be no hearings and no appeals.

- d. Will the three private vendors be open for public transparency under the Freedom of Information Act?

RESPONSE: The DFAP intends to fully comply with all of its FOIA obligations. The statutorily protected rights of farmers recognizes the importance of protecting the private information of applicants. For example, 7 U.S.C. 8791 (known as section 1619) restricts public access under FOIA to information provided by an agricultural producer or owner of agricultural land concerning the agricultural operation, farming or conservation practices, or the land itself in order to participate in programs of the Department.

- e. USDA has already paid out major sums of money in settlements on account of its past discrimination - Why does USDA continue to have this problem of discrimination in its lending programs?

RESPONSE: Many DFAP applicants report discrimination in the past, in periods covered by prior lawsuits and settlements. Prior payments received will be taken into account when those claims are evaluated. But many applicants who experienced discrimination in the past did not end up able to get access to those prior settlements, because of time limits or other barriers to access.

- i. How many employees are being disciplined for discriminating in lending?

RESPONSE: USDA will ensure that the Department learns from any DFAP reports of recent discrimination, including pursuing appropriate disciplinary steps where there is enough information to support them. For right now, DFAP applications are still being evaluated.

- f. USDA has used, and continues, to use a race-based definition of “socially disadvantaged” or historically disadvantaged” in many of its lending programs that excludes certain races - Are those excluded farmers eligible under Section 22007 if they were denied a benefit?

RESPONSE: The DFAP is open to any individual who experienced discrimination by USDA in USDA farm lending based on race, color, national origin or ethnicity, sex, sexual orientation, gender identity, religion, age, marital status, or disability, or in reprisal/retaliation for prior civil rights activity. DFAP eligibility is in no way connected to SDA status.

3. In July 2023, President Biden said: *“Mark my words: the next 20 years, farmers are going to be providing 95% of all the sustainable airline fuel.”* I know you agree with this vision – you have spoken often about the promise of SAF as a new market for US agriculture...as one part of a biobased economy where each farm can become a center of entrepreneurship that is focused on sustainable agricultural practices that the market values. This vision of homegrown, clean SAF produced by American agriculture is one that I think all of us on this Committee can get behind. In December, the Treasury Department named Argonne National Lab’s GREET model as a similar model for calculating tax credits for sustainable aviation fuel production. Rather than use the model developed by the independent Argonne National Lab, the Administration is unnecessarily changing the GREET model.

- a. What steps is USDA taking to ensure that the GREET modeling update that is underway uses the same rigorous science on which the model is based and does

not manipulate the model to deliver a predetermined outcome, such as excluding ag-based biofuels from eligibility for the SAF credit?

RESPONSE: We anticipate the Biden-Harris Administration issuing a Sustainable Aviation Fuel (SAF) notice as part of the Investing in America agenda. The notice will catalyze innovation in the aviation industry, incentivize the production of cleaner, more sustainable aviation fuels, and help make the United States a leader in decarbonizing the aviation industry. The Treasury Department's Notice will provide important clarity around eligibility for the SAF tax credit that was established in the Inflation Reduction Act. The SAF tax credit incentivizes the production of SAF that achieves a lifecycle GHG emissions reduction of at least 50% as compared with petroleum-based jet fuel. As part of this effort, the U.S. Department of Agriculture (USDA) and other federal government agencies (EPA, DOT/FAA, and DOE) will jointly announce the 40B GREET 2024 model. This model will provide another methodology for SAF producers to determine the lifecycle GHG emissions rates of their production for the purposes of the SAF tax credit.

- b. What steps is USDA taking to ensure that the GREET modeling update that is underway does not increase the indirect land use change penalty in the GREET model?

RESPONSE: The modified version of GREET will incorporate new data and science, including specific new modeling of key feedstocks and processes used in aviation fuel and certain categories of indirect emissions. It will integrate other categories of indirect emissions—such as crop production and livestock activity—in addition to land use change emissions informed by GTAP-BIO. The modified GREET model will also integrate key greenhouse gas emission reduction strategies such as carbon capture and storage, renewable natural gas, and renewable electricity.

4. Secretary Vilsack, you are aware that the Rio Grande Valley Sugar Cane Growers Cooperative in Texas announced last week that it is closing down after 51 years of production because the State Department was not able to get Mexico to deliver the nearly 780,000 acre feet of water owed to U.S. farmers, towns and counties in South Texas.
 - a. Why would the U.S. government allow Mexico to export its sugar to the U.S. market but not make Mexico deliver the water owed to U.S. farmers that grow sugarcane and other crops in the Rio Gande Valley?
 - b. Have you spoken with Sec. Blinken about this issue and encouraged him to enforce the 1944 Water Treaty with Mexico?
 - c. Is there anything else you can do to help the farmers that depend on that water to irrigate 500,000 acres of U.S. farmland?

RESPONSE TO ALL: USDA is working with all partners on the critical situation.

5. USDA has announced hundreds of millions of dollars in grants to increase domestic fertilizer production. Conversely, the International Trade Commission — apparently believing that there is too much fertilizer supply in the United States — has imposed tariffs to reduce fertilizer imports and drive up the prices farmers pay for this vital crop input. The ITC's actions necessarily benefit the incumbent domestic companies, companies USDA has described as market dominant and restricting competition. The two agencies would appear to be working at cross purposes.
 - a. Given USDA's belief that we need more sources of fertilizer, why has USDA remained silent and not filed comments with the ITC to correct its mistaken view of the American fertilizer market?

RESPONSE: USDA and other Departments do not express opinions to the U.S. International Trade Commission (ITC) about specific antidumping and countervailing duty investigations undertaken in accordance with their authorities under U.S. trade remedy law.

- b. How can your grant program have any effect on increasing competition when the ITC's actions would appear to be directly countermanding your policy goals?

RESPONSE: The Fertilizer Production Expansion Program (FPEP) is a whole-of-government effort to promote competition in agricultural markets. FPEP is providing grants that will help increase competition in the domestic market by supporting independent U.S. companies that are not already dominant fertilizer suppliers, which will expand U.S. farmers' access to fertilizer and alternatives and help lower their costs in addition to creating jobs in rural communities.

- c. If USDA — the primary voice for American farmers in the federal government — refuses to comment on harmful policy proposals such as the ITC's, who does the Secretary expect to fill the gap to stand up for American production agriculture?
 - d. Will you commit to sending a letter to the ITC informing it that policies that limit the supply of fertilizer to American farmers are harmful — particularly at a time of high inflation?

RESPONSE (c and d): USDA understands the challenges facing our producers as they continually meet U.S. and global food security needs. The Department remains focused on its mission to work with U.S. farmers and ranchers to invest in resilient food systems that create new

and better markets for U.S. agriculture, while continuing to provide affordable, nutritious food for all. A few of the most recent programs announced such as USDA's partnerships for climate-smart commodities, rural infrastructure projects, and investments to expand affordable, reliable, and clean power in rural communities are just a few examples of USDA's primary goal of supporting rural America.

6. The U.S. rendering industry upcycles more than 54 billion pounds of organic food loss and waste from protein conversion facilities, further processing plants, farms, grocery stores, meat lockers, butcher shops, and restaurants. Despite the immense contributions of the rendering industry in preventing and diverting wasted food from disposal, the EPA, USDA, and FDA put together a Draft National Strategy for Reducing Food Loss and Waste that completely omits rendering.
 - a. Can you tell us how the Administration will meet its goal of cutting food loss and waste in half by 2030 without rendering?

RESPONSE: USDA, EPA, and FDA released the draft National Strategy in December 2023 and are currently incorporating input from the public comment period to develop a final National Strategy. The primary focus of the draft was on the strategies the three agencies would take. The draft currently includes increasing the recycling rate for all organic wastes (including food waste) as a top objective of the Strategy. The draft notes certain types of organic waste can be converted to animal food, composted, anaerobically digested, or converted into energy or other products – some of these activities point to rendering's central role in achieving food waste goals. We will be looking for additional opportunities to reference rendering's important role as a food waste management pathway.

7. In December 2020, Livestock Dealer Statutory Trust passed into law, giving unpaid sellers of livestock priority for livestock and funds in a livestock dealer payment default. Has USDA fully implemented this law, including the Secretary's duties to enforce the statutory trust? If not, what steps remain and what is the anticipated timing of this occurring?

RESPONSE: On June 23, 2023, the Agricultural Marketing Service (AMS) published a final rule setting forth the trust claim process. A second rule is in development as a proposed rule that would implement dealer statutory trust enforcement provisions. AMS expects to publish this rule in May or June 2024.

Senator John Thune

1. I appreciate USDA's work to put in place Shawn Cochran as the new Black Hills National Forest supervisor, and I was glad to meet with him recently. The Black Hills National Forest timber sale program plays a critical role in reducing the risk of catastrophic wildfires and supporting the local forest products industry. Timber sales have declined significantly in recent years, and I'm concerned that the Forest Service will miss its decreased target again this year without additional resources.
 - a. What are the obstacles to improving the Black Hills timber sale program?
 - b. Will you work to direct additional resources to the Black Hills to help meet the target and maintain the timber sale program?

RESPONSE TO ALL: The USDA Forest Service has allocated resources to offer timber sales that include 63,000 ccf in FY24. This volume estimate is achievable based on financial considerations, project readiness, and available personnel resources.

The Agency recognizes the importance of the timber industry in managing the Black Hills National Forest and has taken steps to support the Forest over the past decade. During this time, approximately 26% of the Region's funding available to support vegetation and fuel management has been allocated to the Black Hills on an annual basis. The Forest sold 112,874 ccf in FY22, 98,725 ccf in FY23, and is positioned to offer 63,000 ccf in FY24. The Agency continues to actively support work across the Black Hills National Forest, seeking innovative solutions to sustain the viability of local industry infrastructure and provide relief during challenging economic times.

The Forest Service has invested over \$3 million in a timber transit pilot program with the National Wild Turkey Federation that has moved timber in excess to local industry demands from northern California and southern Oregon to the Black Hills. Over 200 rail cars have moved nearly 4 million board feet of timber processed at Neiman's mills – enough to build 300 houses. In addition, the USDA-Forest Service and Rural Development (RD) are working together to leverage BIL funds with an RD Business and Industry Loan Guarantee program to establish the Timber Production and Expansion Loan guarantee program to support sawmills and other wood processing facilities, providing \$10 million in BIL funds to unlock \$400 million in loan guarantees available through USDA Rural Development's Business and Industry Loan program.

2. I appreciate that the Forest Service is conducting LIDAR scans on the Black Hills National Forest following a review of a general technical report that determined that the Forest Service failed to properly define suitable acres, resulting in inaccurate statistics on the forest's timber resources. I am concerned the Forest Service has not implemented stakeholder input to analyze the LIDAR data acquired, which could lead to a similar lack of comprehensive collaboration that will result in misrepresented data.

- a. How do you plan on working with stakeholders, including the forest products industry, to analyze the data that the Forest Service has collected with LiDAR?

RESPONSE: The Forest Service has invested nearly \$2 million in acquisition of LiDAR flight data and collection of over 1,600 field plots which will be analyzed in conjunction with the LiDAR data to provide updated forest inventories across the Black Hills National Forest. The agency has worked closely with state forestry departments to collect field plot data and will continue to partner with State forestry departments in the analysis of both the plot data and the LiDAR data moving forward. The agency anticipates providing public and stakeholder information sharing and engagement opportunities in the near future as the work progresses.

3. Through the IIIA, Congress provided additional funding to the ReConnect Program with a specific direction to focus projects on rural areas “without sufficient access to broadband defined as having speeds of not less than 25 megabits per second downloads and 3 megabits per second uploads.” Further, Congress directed USDA to set aside a portion of the funds to areas where at least 90 percent of households lack this level of service. Despite this clear directive, you have repeatedly stated the ReConnect Program is not targeting unserved areas. Just this month before the House Ag Committee, you stated, “our program primarily is focused on improving the level of service that’s available so that people actually have meaningful broadband access.” This is concerning. If USDA insists on upgrading existing broadband network facilities, we will never get to the truly unserved areas that the program was intended to serve.

RESPONSE: The highest priority of USDA broadband programs is to bring broadband to unserved rural areas. The definition of unserved has recently been revised by the FCC to 100/20 mbps, down/upload from 25/3 mbps. This reflects the shift in household broadband usage to require higher speeds. 10/1 was the threshold service level several years ago, which became obsolete as consumer broadband uses rose. In parallel, there has been continuous improvement of broadband capacity and technology. The definition of “without sufficient access to broadband” continues to shift.

“The [March 14, 2024, FCC] Commission’s Report, issued pursuant to section 706 of the Telecommunications Act of 1996, raises the Commission’s benchmark for high-speed fixed broadband to download speeds of 100 megabits per second and upload speeds of 20 megabits per second – a four-fold increase from the 25/3 Mbps benchmark set by the Commission in 2015. The increase in the Commission’s fixed speed benchmark for advanced telecommunications capability is based on the standards now used in multiple federal and state programs (such as NTIA’s BEAD Program and multiple USF programs), consumer usage patterns, and what is

actually available from and marketed by internet service providers.” [FCC March 14, 2024, Press Release <https://docs.fcc.gov/public/attachments/DOC-401205A1.pdf>]

The FCC further notes that, “Using the agency’s Broadband Data Collection deployment data for the first time rather than FCC Form 477 data, the Report shows that, as of December 2022: Fixed terrestrial broadband service (excluding satellite) has not been physically deployed to approximately 24 million Americans, including almost 28% of Americans in rural areas, and more than 23 percent of people living on Tribal lands;”
[<https://docs.fcc.gov/public/attachments/DOC-401205A1.pdf>]

4. How does USDA view those areas that do not have access at all, and how can we make sure people that do not have access to the internet have the highest priority?

RESPONSE: The highest priority of USDA broadband programs is to bring broadband to unserved rural areas.

5. I appreciate USDA’s proposed rule that seeks to close the loophole that has allowed beef from cattle that were not born, raised, and harvested in the United States to be labeled as “Product of the U.S.A.”

Can you provide an update on the status of this proposed rule?

RESPONSE: On March 11, 2024, FSIS announced a final rule with new regulatory requirements to better align the voluntary “Product of USA” claim with consumers’ understanding of what the claim means. The final rule allows the voluntary “Product of USA” or “Made in the USA” claim to be used only on FSIS-regulated products that are derived from animals born, raised, slaughtered, and processed in the United States. The final rule also responds to comments received on the March 2023 proposal.

6. In December 2023, I sent you a letter about the potential for USDA to greater utilize platform technologies to help address potential foreign animal disease threats in our livestock sector. I appreciate your recent response letter, but I believe there is a need and important opportunity for USDA to engage more significantly with the private sector on how to optimize platform technologies in USDA’s extensive work on animal disease prevention.

RESPONSE: We appreciate the feedback.

7. What actions will USDA take to ensure this collaboration and engagement occurs so that we are utilizing all resources and technologies at our disposal to help protect our livestock sector?

RESPONSE: We agree that platform technologies can be a useful tool for preparing for and recovering from foreign animal diseases. These types of technologies, like all vaccine technologies, are fully eligible for funding under the 2018 Farm Bill's animal health programs, including the National Animal Vaccine and Veterinary Countermeasures Bank.

Senator Deb Fischer

1. On February 27, 2024, USDA announced an extension and modification of Swine Time-Limited Trail and a new, additional Worker Safety Study pork plants must participate in to continue receiving their line speed waivers. The previous study operated in pork plants for over a year and in some plants for nearly 2 years. I have heard concern about the need for a new study and USDA's failure to advance a permanent solution that provides certainty for pork producers and processors.
 - a. What data did the research team conclude was missing in the initial trials and when did USDA determine the study had not collected the necessary data to advance a permanent rule-making?

RESPONSE: Last fall, the team of experts determined that the data submitted (e.g., documentation of processes for protecting workers, ergonomic and work pace analyses, records of administrative controls, medical management directives and protocols, peracetic acid assessment for chemicals, and ongoing worker safety related data, etc.) was not sufficient to evaluate the impact of increased line speeds on worker safety in NSIS establishments. Given the results, in November 2023, FSIS granted a 90-day extension of the TLTs to facilitate the design of a study that will generate the necessary data to evaluate the impact of increased line speeds on worker safety and inform the agency's next steps. That study design was finalized when the TLTs were extended.

- b. Can USDA provide assurance that the modified trial will provide all necessary data to make a permanent decision?

RESPONSE: During the 90-day extension period, USDA and the contractors held several meetings with the participating establishments and other relevant stakeholders to develop a study plan. The study plan, including the data needs, was finalized based on the input received. During the study, third-party worker safety experts will generate data through first-hand observations and measurements by the study team members, which we intend to provide an adequate picture of the issue we are asking them to address.

- c. What timeline can USDA commit to completing this new study, analyzing the results, and proposing a rule on NSIS?

RESPONSE: The modified time-limited trials will continue through January 15, 2025. The study team will deliver a report to USDA, which the Department will use to guide the next steps regarding line speeds in swine establishments, which could include a decision to pursue rulemaking. We will continue to keep Congress updated on any developments.

- d. Does USDA agree with analysis and estimates that up to 2.5 percent of nationwide pork processing capacity could be impacted by slowing line speeds.

RESPONSE: This question would be better addressed by the pork industry.

- e. Has the agency done any other economic impact analysis on the impact of discontinuing NSIS? If so, what are USDA's findings?

RESPONSE: It is important to note that a 2021 court order vacated a part of the NSIS final rule that allowed for unlimited line speeds. All other aspects of the NSIS program were unaffected by the court order and continue. At this time, USDA has not conducted a comprehensive analysis of the economic impact of the vacated portion of NSIS.

- 2. A number of EPA actions could significantly impact farming operations from EPA's Federal Mitigation Pilot Projects, including the draft Herbicide Strategy, to dicamba use restrictions.

- a. How has USDA been involved in providing feedback on these actions from EPA?

RESPONSE: USDA, through the Office of Pest Management Policy in the Office of the Chief Economist, has provided feedback to EPA on its pilot projects and the herbicide strategy, as well as other regulatory actions, by providing detailed comments during public comment processes, and continues to encourage EPA to address all issues raised by OPMP and other stakeholders.

We know that, since the release of the strategies, EPA has updated one strategy (the vulnerable species pilot) and is intending to update the herbicide strategy to address some, but not all, of the many concerns raised. USDA will continue to provide feedback.

- b. Does USDA have the data and resources necessary to analyze impacts of potential actions from USDA?

RESPONSE: USDA has considered the potential impacts of EPA's proposals on pesticide users. More precise calculations wouldn't be possible at this time because we don't know the mitigation expectations for the use of individual chemicals and wouldn't have that information until chemical-specific draft decisions are released. Based on this, we do not have the information needed from EPA to fully analyze impacts, though we do have sufficient resources internally to conduct analyses based on what we currently know.

Similarly, we are unable to fully analyze the significant impacts of EPA's potential or proposed actions given their intended chemical-by-chemical draft decision rollout.

- c. Is having the data to speak to EPA peer to peer being prioritized within your Administration?

RESPONSE: Yes, data is being prioritized.

- 3. Can you provide the Committee with an update on steps USDA taken to help expedite planning surrounding the implementation of funding provided for the USDA ARS National Center for Resilient and Regenerative Precision Agriculture co-located at the University of Nebraska Lincoln?

RESPONSE: A total of \$56.2 million has been appropriated for the new ARS National Center for Resilient and Regenerative Precision Agriculture. ARS partnered with the US Corps of Engineers to design a Greenhouse facility and a Laboratory/Office facility. ARS expects to award a contract for the construction of the Headhouse and three Greenhouses in the Summer of 2024.

- 4. The livestock industry faces a growing challenge to optimize the efficiency and productivity of the meat animal production system. The US Meat Animal Research Center (US MARC) is uniquely positioned as a living lab to conduct research programs provide leadership for new and existing efforts across ARS and with other academic institutions towards this goal. As a working ranch and continuous operating system, the facilities and research opportunities are also unique.
 - a. Given the unique facility and research needs from being a working ranch, centralization of procurement and contracting in USDA and federal construction requirements can add significant costs to improvements of facilities. Has USDA evaluated opportunities to streamline and more efficiently utilize funds at working ranch and farm research facilities across ARS?

RESPONSE: Animal facilities in production research settings are unique when compared to laboratory/office complexes. Conducting research on different animal species and at different stages of production requires the use of engineering design and construction standards that ensure animal health, welfare, and efficiency. These requirements can differ significantly from requirements needed for the design and construction of other research facilities. Recognizing the unique factors associated with designing and constructing facilities for some animal research is essential to maintaining the cost-effective planning, procurement, and construction necessary to replace and modernize animal facilities in line with forward-thinking management practices and innovative applications of high-priority research in food animal settings. ARS is consistently evaluating and revising these factors as needed to ensure funding is optimized when planning, constructing, and renovating animal research facilities at many of its working ranch and farm facilities. While ARS has a headquarters group coordinating buildings and facilities, projects are led, and procurement is coordinated at the Area level to maximize understanding of regional and local needs and criteria.

- b. How has USDA leveraged US MARC's research capabilities to advance meat animal research? What research gaps does the administration believe can be addressed by unique working ranch capabilities at US MARC?

RESPONSE: USMARC, with more than 34,000 acres of pasture and farmland, represents unsurpassed foundational and applied beef-, sheep-, and swine-lifecycle research capacity, fosters integrated animal health into production research, and leads national priorities for food safety and product quality research. Herd and flock capacity underpin production-scale science, providing direct application and adoption for producers. Research initiatives address stakeholder priorities while stretching the boundaries of science to provide rapid responses to emerging issues and prediction of future research challenges in animal industries. USMARC land, water, and agronomic research capacities are currently underserved; however, strategic research planning efforts outline integrated livestock, crop, and ecology research, long-term agroecosystems concepts, and precision agriculture applications in livestock and forage production under irrigation and dry-land systems. This integration approach can expand the number of national research programs using the site and foster additional ARS connectivity at USMARC, with ARS facilities in Lincoln, and in partnership with the University of Nebraska. In addition, USMARC has collaborations with a number of ARS research locations and other universities to understand genetic-by-environment-by-management interactions and how to optimize farming systems.