

Testimony of Deputy Secretary Stephen Censky

**U.S. Department of Agriculture
before the
U.S. Senate Committee on Agriculture, Nutrition, and Forestry**

**Implementing the Agriculture Improvement Act of 2018
October 17, 2019**

Chairman Roberts, Ranking Member Stabenow, and distinguished members of the Committee, it is a privilege to appear before you today to provide an overview of the Department's implementation of the Agriculture Improvement Act of 2018.

In November 2018, as Congress approached conclusion of its work on the 2018 Farm Bill, I established a Farm Bill Working Group to begin laying the groundwork for prompt and efficient implementation of the legislation. In recognition of the multi-level effort required, the working group was comprised of Mission Area representatives and senior officials from USDA's staff offices. Our tasks would include identifying priority issues, delegating responsibilities, establishing timelines, tracking progress and reporting to the Secretary for input and decision.

With our framework in place, we immediately rolled up our sleeves to fulfill the Farm Bill's potential once Congress completed its work. The inaugural meeting of the Farm Bill Working Group was held on December 20, 2018, as the bill was prepared for Presidential signature later that afternoon.

USDA assumed responsibility for implementation in a period of enduring uncertainty for many producers. Weather and market disruptions added financial risks well in excess of that which farmers typically assume in their operations.

At the Secretary's direction, our implementation cadence and priorities corresponded to the conditions testing the resilience of the American farmer. Among the priorities were tools that

help farmers and ranchers manage risks, take care of the land, and continue producing food, fiber, and fuel in good years as well as bad.

On June 17th, as the Secretary committed when he appeared before this Committee in February, the Farm Service Agency (FSA) began sign-up for the Dairy Margin Coverage (DMC) Program.

The 2018 Farm Bill reinvented the Margin Protection Program for Dairy (MPP-Dairy) as the Dairy Margin Coverage (DMC) Program, providing a boost to coverage levels and a reduction in premiums. It is a voluntary program that offers protection to dairy producers when the difference between the national all-milk price and average feed cost (the margin) falls below a certain dollar amount selected by the producer. The program requires producers to contribute to coverage of their financial risk through a premium schedule scaled by production levels and coverage levels.

To help producers understand the important risk management tool that DMC could become to their operation, we partnered with the University of Wisconsin, one of our land-grant universities, to develop an online Dairy Decision Tool. Throughout the 2019 sign-up period, FSA conducted collaborative outreach with producer associations and cooperatives. In addition, FSA offices spread word of the new program through radio, personalized phone calls, postcards, and emails.

The 2019 sign-up, which ran through September 27th, enrolled 22,682 dairy operations. Based on the 2019 data, dairy producers who purchased coverage will receive more than \$300 million in much-needed program financial support.

For our crop producers, crop insurance is a vital part of the farm safety net. The Farm Bill recognized the importance of crop insurance by further enhancing products and available

options. RMA has implemented key crop insurance provisions such as Multi-County Enterprise Units. In addition, key provisions related to veteran farmers and ranchers have been implemented that make crop insurance more affordable with more robust coverage.

The 2018 Farm Bill also enhanced a set of critical risk management tools: the FSA-administered Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. ARC and PLC are income support programs that provide payments on historical base acres. ARC has two variants – County and Individual. For ARC-County, the more popular variant, payments are made when actual crop revenue at the county-level declines below a specified guarantee level. PLC provides payments when the effective price for a covered commodity falls below its effective reference price, set by Congress. FSA readily implemented 2018 Farm Bill changes to ARC/PLC, opening sign-up for 2019 on September 3, 2019, and for 2020 in the second or third week of October 2019.

Implementation of conservation programs has been on track as well. Signups for continuous Conservation Reserve Program (CRP) and Conservation Reserve Enhancement Program were held June 3 to August 23, 2019. As the Secretary also committed during his appearance before this Committee in February, FSA will hold a CRP general signup in December 2019, with a CRP Grasslands signup to follow.

NRCS' Environmental Quality Incentives Program, Conservation Stewardship Program and Agricultural Conservation Easement Program have continued operating under current regulations consistent with new Farm Bill provisions.

There are new additions under the 2018 Farm Bill to NRCS' suite of conservation opportunities as well, including CSP Grassland Conservation Initiative (CSP-CGI), on behalf of which the Chairman's effort warrants special acknowledgement. The new initiative will assist

producers in protecting grazing land uses; conserving and improving soil, water and wildlife resources; and achieving related conservation values by conserving eligible land through 5-year grassland conservation contracts. Signup 2019 CSP-CGI began on June 10 and to date NRCS has received nearly 12,000 applications totaling 826,628 acres.

Finally, NRCS recently announced that it is accepting proposals for the Regional Conservation Partnership Program. Currently, we have 375 active RCPP projects with close to 2,000 partners. Partners are leveraging nearly \$1 billion in NRCS investment with close to \$2 billion in non-NRCS dollars. The 2018 Farm Bill made several improvements to this program – increasing flexibility, simplifying the application processes, and emphasizing conservation outcomes and reporting by partners – while remaining true to the core principles of leveraging partner contributions to deliver innovative solutions for natural resource challenges.

While we make deliberate strides to provide tools for producers managing the stresses of these difficult times, agencies are simultaneously at work delivering implementation of provisions that are no less important to producers and the communities in which they live.

Rural Development has been working hard to implement provisions included in the 2018 Farm Bill so we can continue to help improve the economy and quality of life in rural America. Most recently, RD has expanded access to credit for rural communities by increasing the population limits for the Community Facilities and Water and Waste Disposal programs to 50,000. The Farm Bill also reauthorized the Rural Broadband Program which included establishing a new loan/grant program and we are on-track to have the regulation completed by December 2019.

Rural Development kicked off the Council on Rural Community Innovation and Economic Development, in April 2019. The Council will coordinate rural community

innovation and economic development across the federal government. The Rural Water Task Force has also been working hard and the three working groups within the task force have been meeting on a biweekly basis since August. USDA and the Department of Energy have entered into a Memorandum of Understanding, which will enhance collaboration and coordination between the two agencies and help facilitate energy-related investments in America's rural communities.

The Forest Service is also using the new Farm Bill and 2018 Omnibus authorities to do work in the right place at the right scale. We will improve forest conditions across all forests by setting aggressive targets for treating acres and producing timber volume. At the same time, we will maintain our commitment to reducing hazardous fuels and restoring forest health. On September 25, 2019, the agency also published the proposed rule implementing the Farm Bill provision regarding Communication Sites Management, which aims to expedite application processes for individuals and companies that want to build communication sites on national forests and grasslands. These changes will help expedite broadband service improvements in rural communities and improve customer service to those applying for, and operating under, special use permits for communication sites.

The Food, Nutrition, and Consumer Services (FNCS) also plays an important role in ensuring producers, their communities, and the nation as a whole has access to healthy, nutritious foods. Recent strides have been made to improve that access in both rural and urban areas through the launch of the SNAP Online Purchasing Pilot in 2019, including plans to expand the pilot to 7 more States. FNCS is also renewing focus on creating clear pathways to self-sufficiency for SNAP participants through effective Employment and Training (E&T) programs. A proposed rule is set to come out this fall that will implement meaningful improvements in the

administration of E&T programs and will provide instructions reflecting the new self-enacting Farm Bill requirements for State E&T plans.

We have also launched a new phase in the summer EBT demonstration projects to test innovative new strategies for operating the program efficiently and effectively. We have awarded new multi-year projects to both existing and new summer EBT operations and teamed up with Baylor's Texas Hunger Initiative to test a Summer Meals-to-You project, serving about 4,300 children in 2019. We have also moved forward with preparing for the self-determination demonstration project in the Food Distribution Program on Indian Reservations by engaging in outreach and formal consultation with Tribal leaders.

We are also moving forward with the National Accuracy Clearinghouse (NAC) as described in the 2018 Farm Bill. This fall we announced that State agencies will have the opportunity to join an ongoing NAC pilot while we develop a nationwide NAC solution. This will expand our current roster of 5 States enrolled in the pilot, which has already identified and prevented dual program participants resulting in significant cost savings.

FNCS is also working hard to ensure that its mission of ensuring Americans' access to healthy, nutritious foods is also a key part of the overall mission of USDA, including ensuring compliance with the Buy American provision. We partner with States to provide support while also allowing some discretion to School Food Authorities who best understand their local markets for domestic foods and procurement. FNS issued a report to Congress on this topic and provided additional guidance to the States in Summer 2019.

We have also worked closely with NIFA to provide important technical assistance for the GusNIP/Prescription Vegetables program, which is designed to increase purchase of fruits and vegetables among SNAP participants. Finally, we are also working to prepare for funding and

implementation of the Healthy Fluid Milk Incentives Projects, which will test methods of increasing purchase of fluid milk by SNAP participants, as well.

In May 2019, FNS attended the American Commodity Distribution Association Conference in Niagara Falls and provided updates on the Farm Bill's Commodity Supplemental Food Program (CSFP) including changes that reduce administrative burdens for program participants and implementers as well as changes in The Emergency Food Assistance Program (TEFAP) that support State efforts to channel food from commercial sources into food donations and minimizing food waste. A final rule with request for comments was published on October 4, 2019 that outlined the need for State plans to include how States will work with emergency feeding organizations within the State for input on commodity preferences and needs. Additionally, an informational memorandum to direct States regarding the CSFP change in certification periods and the exception for temporary monthly certification periods was published in March 2019; the final rule is expected to be published in the summer of 2020. FNS issued guidance in August 2019 outlining best practices to minimize food waste of commodities donated to State agencies and emergency feeding organization.

The Agricultural Marketing Service (AMS) has been working aggressively to stand up the Hemp Production Program in advance of the 2020 planting season. This work has involved soliciting stakeholder feedback, including, but not limited to, an open webinar listening session in March 2019. Many voices were represented during this listening session and the insights offered during this and other stakeholder input were used by AMS to craft an interim final rule. Over the last few months, USDA has been working with our Federal partners to ensure the Hemp Production Program does not conflict with existing programs and to ensure the burden on producers and other stakeholders is minimized. These discussions have included the

opportunities for Tribes to participate in hemp production and the effects the regulation will have on the agricultural lending industry. These conversations have been productive and provided an overall improvement to the design of the Hemp Production Program. Based on the most recent discussions, many of the initial concerns have been addressed and it has been indicated the rule should be cleared for publication soon. We look forward to having this program available to interested States, Tribes, and producers.

In addition, AMS combined existing enforcement tools with new authorities provided in the 2018 Farm Bill to prepare their Strengthening Organic Enforcement rule. Although the agency expects to publish the rule later than initially estimated, the work product has become a much more comprehensive regulation that will help protect the integrity of the organic label including ensuring that organic imports are compliant with USDA regulations.

Finally, in the coming weeks, AMS will publish its highly anticipated Livestock Dealers Trust study. Public comment on the study was solicited between April and June of this year, resulting in over 1,500 comments received. The study will determine the feasibility of establishing a livestock dealer statutory trust, as directed, for this Committee's review and future consideration.

For the first time, the 2018 Farm Bill included funding that directly supports animal disease prevention and preparedness, including creation of the U.S.-only National Animal Vaccine and Veterinary Countermeasures Bank. The new stockpile of animal vaccine is an insurance policy against the spread of the most damaging animal disease. This includes the extremely rare chance of a foot-and-mouth disease (FMD) outbreak. This Vaccine and Veterinary Countermeasures Bank represents the third leg of the stool for U.S. pest and disease prevention, along with the National Animal Disease Preparedness and Response Program and the

National Animal Health Laboratory Network. As the first step toward implementation of this important provision, the Animal and Plant Health Inspection Service (APHIS) issued a source sought notice on September 10th to gather information from interested foot-and-mouth disease vaccine manufacturers. The notice closed on October 11th and APHIS is analyzing the market research received, developing a roadmap for a forward-looking FMD vaccine procurement strategy, and issuing one or more requests for proposals for vaccine.

In partnership with APHIS, NRCS is well underway with their joint implementation of the Feral Swine Eradication and Control Pilot Program. NRCS accepted project proposals June 20 to August 19 for first tranche of the \$75 million to help control the runaway feral swine population plaguing much of the country.

The 2018 Farm Bill continues to help U.S. farmers and ranchers identify and access new export markets, while enabling assistance for developing countries to improve their agricultural systems, build their trade capacity, and support food security. Included under the umbrella of the newly authorized Agricultural Trade Promotion and Facilitation Program, administered by the Foreign Agriculture Service (FAS), are the Market Access Program (MAP), Foreign Market and Development Program (FMD), Technical Assistance for Specialty Crops (TASC), and the Emerging Markets Program (EMP). In February, FAS allocated more than \$204 million in MAP and FMD program funding. TASC and EMP awards continue on a rolling basis. For example, 2019 TASC funds were awarded to the U.S. Highbush Blueberry Council to research pest mitigation methods to support exports to Australia. A U.S. beef genetics cooperative received 2019 EMP funds for activities aimed at increasing exports to the Black Sea Region.

On the agricultural development and capacity building-side, FAS announced FY 2019 funding allocations for McGovern-Dole valued at approximately \$191 million to provide school

meals and nutrition programs for children in countries with high food insecurity. FAS also announced FY 2019 allocations for Food for Progress projects totaling nearly \$140 million to improve agricultural productivity in developing countries and expand trade in agricultural products, adding eligibility for U.S. public and non-profit colleges and universities as directed by the Farm bill.

The FAS Food for Progress report was sent to Congress on September 20, 2019, and is currently posted on the FAS website. Following closely behind will be the 2018 U.S. International Food Assistance Report, and the 2017 Global Effort to Reduce Child Hunger and Increase School Attendance report (also known as the McGovern-Dole report).

The National Institute of Food and Agriculture (NIFA) continues to implement research, education, and extension provisions of the 2018 Farm Bill. A few highlights include the Scholarships for Students at 1890 Institutions (Section 7117) Request For Applications (RFA) being released September 10, 2019, with a deadline for applications of November 8, 2019. NIFA held two webinars on this section: one on May 29, 2019, to collect stakeholder feedback and another informational webinar on September 26, 2019. An additional highlight is the Specialty Crop Research Initiative (SCRI) (Section 7305). NIFA announced eighteen new (FY 2019) awards on October 2, 2019, to develop high-tech solutions to meet the needs of U.S. specialty crop farmers and processors. The FY 2020 SCRI pre-applications RFA was released on August 12, 2019, with applications due October 15, 2019. Additionally, NIFA has implemented the programmatic changes to many of its programs including changes matching funds. In programs where there were significant challenges created by changing this requirement, specifically the SCRI program, Congress recently acted to temporarily waived matching requirements in the FY2020 Continuing Resolution through November 21, 2019.

All told, the 2018 Farm Bill contains over 400 discrete provisions touching every facet of American agriculture and rural communities. Acknowledging the long way still ahead, I am pleased to report – now almost 10 months since the Farm Bill Working Group first convened – that our pace implementing the 2018 Farm Bill tracks closely with that of the 2014 Farm Bill, in terms of regulations, notices of funding availability, administrative actions, reports, and studies delivered. My commitment is that USDA will continue to sprint, working hard to deliver quality programs that serve the urgent needs of our customers.

Before I close, I want to recognize our dedicated employees, whose work often goes unseen, but make a difference in the lives and communities of farmers, ranchers, consumers and school children each day. It is a privilege to serve alongside the USDA family as we try to “Do Right and Feed Everyone” each and every day.