AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2010

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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

ROSA L. DELAURO, Connecticut, *Chairwoman*

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NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

MARTHA FOLEY, LESLIE BARRACK, CLIFF ISENBERG, and MATT SMITH, *Staff Assistants*

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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2010

THURSDAY, MARCH 12, 2009.

DOMESTIC NUTRITION PROGRAMS

WITNESSES

THOMAS O'CONNOR, ACTING DEPUTY UNDER SECRETARY, FOOD, NUTRITION, AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE

KELLY D. BROWNELL, Ph.D., PROFESSOR OF PSYCHOLOGY, EPIDEMIOLOGY AND PUBLIC HEALTH, AND DIRECTOR OF THE RUDD CENTER FOR FOOD POLICY AND OBESITY, YALE UNIVERSITY

LYNN PARKER, MEMBER, COMMITTEE ON NUTRITION STANDARDS FOR FOODS IN SCHOOLS, FOOD AND NUTRITION BOARD, INSTITUTE OF MEDICINE, THE NATIONAL ACADEMIES

OPENING REMARKS

Ms. DELAURO. The committee is called to order. My apologies for being late.

The Budget Committee met today as well, but it was an interesting exchange because the Secretary of Education was there, and we had an opportunity to talk about school nutrition in that context, as well as having an opportunity to be here with all of you today.

Let me just say thank you to everyone, and to welcome you this afternoon, especially to our witnesses, Mr. O'Connor, Acting Deputy Under Secretary for Food, Nutrition and Consumer Services; Kelly Brownell from Yale University's Rudd Center for Food Policy and Obesity; and Lynn Parker, representing the Food and Nutrition Board, the Institute of Medicine and the National Academies. I truly do; and we are all grateful to you for taking the time to be with us today to share your experience, to share your insight on what is a critical issue going forward for this Nation.

If I might just take a second, I would like to welcome the newest member of our subcommittee, and that is Congressman Lincoln Davis, who is from Tennessee. He not only sits on the Appropriations Committee, he is a former member of the Ag Committee, Financial Services and served on the Science Committee.

So delighted to have you and your experience in this effort, Mr. Davis. So, welcome.

Mr. DAVIS. It is a pleasure. Thanks.

Ms. DeLauro. Let me also welcome back all of the subcommittee members. We come together today with a comprehensive agenda for the year ahead to try to build on all that we tried to achieve in the last Congress. And last year we convened the six budget hearings or the regular budget proceedings, and through the work of the subcommittee we worked hard to increase resources and improve management at the agencies under our jurisdiction in an effort to provide some what we regarded as needed reform.

We called numerous oversight hearings on drug safety, food safety, rural development and the impact of the speculation on oil and food prices, all a part, if you will, of a mission to highlight and to pursue critical questions in public health, consumer safety and economic growth.

I have enjoyed working together with my colleague, the ranking member, Mr. Kingston, from Georgia. I look forward to collaborating with you, Jack, and the entire subcommittee in our months ahead.

We will be writing a new appropriations bill and working to preserve and strengthen our rural communities, support local businesses pushed to the brink by the spiraling economy, protect public health, address safety and think big about problems like energy and other issues that are here today; but we need to think beyond that in what is coming up.

So we begin today with a hearing on public health, the first in a series on nutrition where I hope we can look at fighting hunger, making nutritious food accessible and exploring the Federal Government's responsibility.

For decades, our Nation's nutrition programs under the Department of Agriculture have been a big part of our social safety net, providing children and low-income families with access to quality food; and over the last year we have made progress. With the farm bill, we took critical steps after years of erosion in food stamp benefits, increasing the standard deduction from $134 to $144, then indexing it to inflation. And we worked out increasing the minimum benefit to $14 from $10, where it had been frozen for the last 30 years, and then indexing that to inflation as well.

The fact is, one in five Americans is affected by nutrition programs under the Food and Nutrition Service at USDA. We have to ask ourselves in terms of where we want to try to go today. Are we using the USDA as a positive force for change? Are we doing families and children good? Or are we contributing to their poor nutrition, their obesity and other health-related problems? Do we understand the full consequences of our choices not only from specific programs like WIC or the school lunch or breakfast program, but also when it comes to our far-reaching subsidy policies?

The latest statistics are overwhelming. Two-thirds of adults are overweight today. The trend lines are not promising. In the past 20 years the percentage of adolescents who are overweight has more than tripled, and the habits most people take up as children and in school stay with them their whole lives. Diabetes and other dangerous health problems are on the rise, costing our economy millions.

So with this hearing we are going to look at, or begin to look at, and probe the answers to what role can the Congress play in fight-

ing hunger, combating obesity, improving nutrition. In particular, this subcommittee: How can we apply the power of the purse to bring change? What is the administration's current proposal? Will it make an impact in charting a new course? Are our policies contributing to poor nutrition and obesity?

According to the Center for Science in the Public Interest, the food industry spends about $10 billion a year marketing food to children. Considering their significant influence and control, can we succeed in any significant behavioral change? Can we exercise controls or influence in this direction in the way that we did with cigarette smoking? What place should competitive foods, which are not required to meet any significant nutrition standards, have in our schools? How can we collaborate with the Department of Health and Human Services and the Department of Education?

I read an article where Alice Waters says that the Department of Education should put up funding for the school nutrition piece as well as Agriculture. So how do we make the dietary guidelines stronger and meet good nutritional values?

For our witnesses: If you would make any changes, what would they be? From WIC to SNAP to the school lunch program there are many powerful tools that we have, and we have used them to achieve a lot of good over the years; but in fact, I believe we have lacked coordination and long-term vision to take full advantage of their potential. Our question, going forward, is how to get all these programs working together effectively in the same direction. How do we harness their reach and their impact and apply it to a larger and a more comprehensive campaign to strengthen healthy diets, healthy weights and active lifestyles? The Agriculture appropriations bill and the Child Nutrition and WIC reauthorization bill will be important next steps.

I thank our witnesses for participating this afternoon. I look forward to your testimony.

In dire economic times like these, families and children should never be forced to choose between securing healthy food for their children and providing health care, shelter and the other basics they need just to get by. For many families, the USDA's nutrition programs make the difference. Now is our opportunity to make them better.

And with that, let me ask Ranking Member Mr. Kingston if he would like to make an opening statement.

Mr. KINGSTON. No, I do not, Madam Chair. I don't know if anybody else does, but I will certainly yield back.

Ms. DELAURO. What I will ask our witnesses to do now is to make their statements. You understand fully that your remarks, in toto, will be in the Congressional Record, so if you can summarize your remarks, that would be appreciated, and then we can move to a dialogue.

I will say this: This committee likes to have a dialogue, so it is not stovepiped here. What we hope to do is to engage you, to engage with one another and us to be able to engage with you on these issues.

Mr. O'Connor.

OPENING STATEMENT

Mr. O'CONNOR. Thank you. Thank you, Madam Chairwoman and members of the Subcommittee, for the opportunity to be here today. I am the Acting Deputy Under Secretary for the Food, Nutrition and Consumer Services.

When I joined FNCS over 30 years ago, I joined a group of dedicated colleagues committed to filling the agency's primary mission, which is the eradication of hunger and malnutrition in America. Galvanized by the revelation of the terrible hunger problems that existed in the 1960s, Congresses and Administrations ever since, working in a bipartisan fashion, have assembled a nutrition safety net that has achieved remarkable success combating hunger.

Hunger remains a significant problem in the United States. It no longer is of the magnitude that it was before these programs were established. The 15 programs administered by USDA are a safety net that responds to changing economic conditions, expanding and contracting as needed. We see this at work right now as our programs reach all-time highs in participation to serve those currently experiencing economic hardship.

Hunger is not the only nutrition challenge that the Nation faces. Over the past decade, the number of people who are overweight and obese has increased significantly. The evidence is clear and overwhelming that this problem is reaching epidemic proportions and cuts across all populations of our Nation. The latest data from the Centers for Disease Control and Prevention shows that 66 percent of adults are overweight, as you pointed out, and 32 percent of those are obese. Even more alarming, almost one in five children in adolescence is overweight.

While there is no evidence that singles out any particular group as more prone to this problem than another, the fact that our program served one in five Americans during the course of a year positions us to play a part in addressing this alarming health trend.

The reasons why people are overweight and obese are straightforward: We eat too much, we exercise too little. But effecting changes in those behaviors that need to be made are not easy. However, we are committed to doing all that we can to encourage people to change behaviors.

Our Center for Nutrition Policy and Promotion created My Pyramid, the most recognized nutrition icon in the world, and through MyPyramid.gov, which has had over 7 billion hits—100 million each month—and related products, we are continually trying to educate the general population about good nutrition and healthy lifestyles.

Within our programs we have expanded nutrition education efforts dramatically, spending more than $750 million in 2008, improved the qualities of foods provided in school meals and the commodity programs, in part by providing more fruits and vegetables, and we have updated and improved the nutritional value of the WIC food packages. We have initiated public awareness campaigns in English and in Spanish to provide a broad reach for our nutrition messages, and we are testing ways to use initiatives at the point of purchase to change people's buying habits.

There is no magic bullet to solving the epidemic of overweight and obesity. There is no one answer, no one agency's issue to address, nor indeed is it just the government's role alone. The problem didn't appear overnight, and it won't be solved overnight.

But like the fight against hunger, we can achieve success in the fight against obesity. It takes commitment, perseverance, creativity, collaboration and partnership across all levels of government; and with the private sector, USDA is committed to being a part of the solution and responding to the challenge as it did and continues to do in addressing the challenges of hunger.

Madam Chairwoman, I appreciate the opportunity to make this presentation and would be happy to answer any questions that you or your colleagues may have.

Ms. DELAURO. Thank you very much.

[The information follows:]

Food, Nutrition, and Consumer Services

Statement of Thomas O'Connor, Acting Deputy Under Secretary
Food, Nutrition, and Consumer Services
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies

Thank you, Madam Chairwoman, and members of the Subcommittee for this opportunity to discuss the current status of the nutrition assistance programs administered by the Department of Agriculture (USDA). I appear before you this morning as Acting Deputy Under Secretary for Food, Nutrition and Consumer Services (FNCS). I've spent most of my career working on these important programs, and it is a privilege for me to represent our mission area before you today. However, I must emphasize that I sit before you as a career executive, not an appointed official. I anticipate that I may have to confer with Secretary Vilsack and his staff to provide you with answers on questions of policy. With that said, I look forward to our discussion and appreciate your understanding.

The focus of my remarks is the role of USDA's nutrition assistance programs in addressing overweight and obesity. The evidence is clear and overwhelming that these problems are truly reaching epidemic proportions and cut across all populations of our Nation. The latest data from the Centers for Disease Control and Prevention show that 66 percent of adults are overweight, and 32 percent of these are obese. Even more alarming, almost 1 in 5 children and adolescents are overweight. In the past 20 years, the percentage of children who are overweight

has doubled and the percentage of adolescents who are overweight has more than tripled. I'm sure that these figures are not new to you, and I can assure you that they have been matters of serious concern – and action – by USDA for many years.

But there is no simple solution. The immediate reasons for overweight and obesity are clear and uncomplicated: too many of us eat too much, eat too much of the wrong things, and get too little physical activity. But these seemingly simple facts are influenced by our environment, our economy, and the way we were raised. And children are a special challenge. They are subject to innumerable influences in their environment as they learn and grow into adulthood. As they develop preferences and practices that will last a lifetime, their choices are shaped by their surroundings—at home, in school, and in their wider community.

A challenge as complex as overweight and obesity cannot be solved by one agency, or indeed by government alone. The problem did not appear overnight, and it will not be solved overnight. But the responsibilities we all share to promote the Nation's health demand action now. Without it, the problem will only get worse. The Department recognizes the powerful opportunity that our mission offers to promote healthful diets, physically active lives and healthy weight for those we serve.

As we seek new ways to strengthen and improve these programs, it is important that we not lose sight of their original – and still critical – mission.

While the earliest Federal food assistance started during the Great Depression, the major growth of the nutrition assistance programs in the late 1960s and 1970s occurred in the context of clearly documented patterns of inadequate food consumption among low-income people that resulted in substantial hunger and serious malnutrition. This is not a political issue but rather one that Congress and successive Administrations have worked in a bipartisan fashion to expand these programs with the purpose of increasing access to nutritious food so that low-income people had enough to eat.

And the programs achieved remarkable success in this regard. Nutrition survey data show that the diets of the poor improved markedly between 1965 and 1978, a period that marked the nationwide expansion of the Food Stamp Program and the introduction of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The percentage of low-income households with diets that met 100 percent of the Recommended Dietary Allowances for 7 key nutrients essential to good health grew more than twice as quickly among low-income people as in the general population over that period. The National School Lunch Program (NSLP) gives children the nutrition they need to develop and grow. Compared to nonparticipants, NSLP participants are more likely to consume vegetables, fruit or 100 percent juice and milk, and less likely to consume beverages other than milk or 100 percent fruit juice at lunch and through the day. In addition to providing healthful food, the presence of a School Breakfast Program means that low-income students are more likely to start their school day with a substantial breakfast, ready to learn.

Though hunger remains a significant problem in the United States, it is no longer of the

magnitude that it was before these programs were established. This change in the nutritional status of low-income Americans is a national achievement of great proportion. A critical reason for this achievement is that the largest nutrition assistance programs such as the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) and the school meals programs are designed to respond rapidly and automatically to emerging needs in times of economic change. Benefits flow to families when the economy slows and more people apply for benefits, and the programs contract as the economy expands and household circumstances improve.

We have seen this powerful mechanism in action recently. The programs' response to the current economic crisis further demonstrates the strength of these programs. Last week, the Food and Nutrition Service (FNS) reported that SNAP participation now stands at an all-time high of nearly 31.8 million people. Similarly, other major nutrition assistance programs are at or near record levels of participation. While we are experiencing rapid growth, we acknowledge that there are individuals and populations our programs are not effectively reaching. USDA will continue to be committed to improving program access and outreach to underserved groups, while maintaining the fiscal integrity of those programs.

Funding for nutrition assistance programs increased by over 70 percent since the beginning of this decade, reflecting ongoing increases in participation in the major programs. As compared to fiscal year 2000, in fiscal year 2008:

- Over 11 million more low-income people received SNAP benefits each month (a 65 percent increase);

- 515 million more free and reduced-price lunches were served to low-income children (a 20 percent increase);
- 508 million more breakfasts were served to children at school (a 39 percent increase); and
- 1.5 million more women, infants, and children participated in WIC each month (a 21 percent increase).

As we discuss the efforts underway to address the problems of overweight and obesity, it is imperative that we recognize and maintain the success achieved in dramatically reducing the risk of hunger and poor nutrition in our country. Stated plainly, hunger and obesity *co-exist* in the United States, and USDA is addressing both. We are committed to administering the nutrition assistance programs to ensure access to enough food, and to the knowledge and skills needed to eat healthfully, for all those who need it.

While some have raised concerns about the role of nutrition assistance in causing weight gain, USDA is not aware of any convincing evidence that school meals or other Federal nutrition assistance programs *cause* obesity and overweight; the evidence that does exist is mixed. While some studies have shown an association between participation in certain programs and higher weight for some groups of participants, others have found no such association, or even less overweight among program participants, and none have shown a *causal* relationship.

Indeed, when one looks at both the food choices and the nutrition status of program participants and other consumers, the similarities are more striking than the differences. Our most recent analysis of nutrition monitoring data, comparing the diets of participants in SNAP,

WIC, and the school meals programs with higher income consumers show that the diets of all groups fall far short of the *Dietary Guidelines for Americans.* All groups had very low intakes of whole grains, dark green and orange vegetables, and legumes, and high intakes of fat, saturated fat and added sugars. Similarly, consumer expenditure data suggest that SNAP participants tend to buy the same categories of foods as other consumers; differences are minor even though families at the high end of the income distribution spend over twice as much on food at home as those at the low end.

In practice, this means that efforts to promote healthy diets and active lifestyles among nutrition assistance program participants can and should be designed to address the same kinds of dietary problems that we see in the general population – an imbalance between calories consumed and expended, too much solid fat and added sugar, not enough fruits, vegetables and whole grains. We know that the nutrition assistance programs offer a unique opportunity to reach the people they serve, and we seek to leverage this opportunity through a wide-range of program-focused strategies.

For many years, we have been working to integrate science-based nutrition and physical activity promotion within and across the programs. USDA makes a major investment in nutrition education delivered through the nutrition assistance programs – over $780 million in 2008, including over $300 million in SNAP and over $450 million in WIC, almost all distributed as grants to State agencies. Our Team Nutrition initiative provides nutrition education and technical assistance to help schools serve healthier meals and motivate kids to form healthy habits. The *MyPyramid for Kids* and *Eat Smart. Play Hard.* campaigns stress the need to

balance what you eat with what you do. In December 2008, FNS released a set of sixteen consumer-tested nutrition education messages, designed to be used across all nutrition assistance programs to increase consumption of fruits, vegetables or low-fat milk products and encourage development of healthy eating habits among young children. States and others have moved quickly to adopt the messages, supporting content such as tips and recipes, and implementation guidance to put these messages into practice in all of the nutrition assistance programs.

We are working with our partners who deliver nutrition education in SNAP to promote healthy food choices and physically active lifestyles within the limited resources available to these families. In 2007, FNS released *Loving Your Family, Feeding Their Future*, a comprehensive nutrition education intervention in English and Spanish to reach low-income mothers, to motivate them to improve their families' eating and physical activity behaviors. We are also preparing to launch a series of pilot projects, authorized and funded through the 2008 Farm Bill, to demonstrate and evaluate the impact of providing point-of-sale incentives on the purchase of fruits and vegetables.

We are implementing significant changes in the WIC food packages to help WIC more actively address today's greatest nutrition risks and concerns. The changes, based on recommendations from a panel of experts convened at our request by the Institute of Medicine, includes the addition of fruits, vegetables, and whole grains and stronger support for breastfeeding. Breastfed babies are less likely to become overweight as they grow, and mothers who breastfeed may return to pre-pregnancy weight more easily.

We have similarly contracted with the Institute of Medicine to convene experts to develop recommendations for a comprehensive strategy to bring the school meal programs and the Child and Adult Care Food Program in line with the latest *Dietary Guidelines for Americans*. We expect to receive their school meal recommendations this fall.

Because unhealthful beverage and food choices, as well as inadequate physical activity, at school undermine children's ability to learn and practice healthy eating, we have also focused on promoting healthy school nutrition environments and local school wellness policies. The HealthierUS School Challenge encourages and rewards schools that have taken steps to make it easier for kids to make healthier dietary and physical activity choices during the school day. Schools earn Gold, Silver or Bronze awards by meeting specific criteria such as offering lunches that demonstrate healthy menu planning, providing nutrition education and opportunities for physical activity to students. Over 500 schools have earned this prestigious award since its inception.

One of the most important linkages that USDA makes between agricultural producers and the health of our clients is to make fruits and vegetables an important part of nutrition assistance programs. We estimate that the programs together supported nearly $11 billion in 2008 in fruit and vegetable consumption – through USDA's distribution to program providers, support for schools and other to buy these nutritious foods, and support for clients to purchase them in the retail marketplace.

Some of our programs have a special focus on fresh fruits and vegetables. USDA administers two farmer's markets programs, for WIC clients and low-income seniors, using these outlets for fresh, attractive fruits and vegetables to encourage consumption. And we are working with States to implement the 2008 Farm Bill provision expanding the Fresh Fruit and Vegetable Program snack program to low-income schools nationwide.

More generally, FNS has launched an aggressive initiative to improve the nutritional quality of our commodity programs. Schools participating in NSLP today have access to the widest choice of healthful USDA foods in history. Over the past two decades, we have worked to reduce the levels of fat, sodium, and sugar. We now offer schools more than 180 choices of quality products, including more fruits and vegetables, whole grains and low fat foods. Consider just a few examples:

- USDA pioneered a partnership with the Department of Defense to buy more than 60 types of fresh fruits and vegetables for schools. Besides fresh produce, USDA also purchases over $180 million of canned, frozen, and dried fruits and vegetables for schools.
- USDA purchases brown rice, rolled oats, whole-wheat flour, whole-grain dry-kernel corn, and whole grain pastas; we are pursuing the purchase of whole-grain macaroni and quick-cooking brown rice.
- Most USDA canned vegetables meet the Food and Drug Administration's "healthy" standard for sodium. Our intent is to reduce the sodium content of canned vegetables even more.
- Canned fruits must be packed in light syrup, water or natural juices.

- Since 1992, USDA beef is 85-percent lean, compared to a commercial standard of 70-percent lean. We also offer several types of reduced-fat cheese, and have eliminated *trans* fats, shortening, and butter.

It is important to remember that school districts are offered a wide range of choices, and select the foods they want from USDA's foods available list. They are *never* required to accept any USDA food item they cannot effectively use or do not want to use.

Our efforts in the nutrition assistance programs complement and are integrated with our strategies to promote healthy dietary practice, healthy weight, and active lifestyles for the general public. At the center of this commitment is the Center for Nutrition Policy and Promotion (CNPP) and its integral role in nutrition policy through the development and promotion of scientific, evidence-based dietary guidance and nutrition education. The *Dietary Guidelines for Americans*, published jointly every 5 years by the USDA and the U.S. Department of Health and Human Services (DHHS), is the cornerstone of Federal nutrition policy, allowing the Federal Government to speak with one voice. We are currently in the midst of administering the 2010 *Dietary Guidelines for Americans*, an initiative that we will lead over the next two years, and which will serve as the core of Federal nutrition and research programs in the ensuing years.

A wide range of nutrition promotion efforts based on the *Dietary Guidelines* are already reaching the public on the Web and through other venues. *MyPyramid*, the Department's *Dietary Guidelines*-based food guidance system, has been integrated into the food marketplace through over a hundred innovative public-private partnerships to promote healthy eating and

physical activity. These partnerships exist between CNPP and food companies, health care providers, day care facilities, consumer electronics companies, youth and education organizations, research organizations, and Federal and State agencies.

MyPyramid.gov provides interactive, personalized tools to help consumers, health professionals, and nutrition educators make food and physical activity choices that follow the *Dietary Guidelines*. The *MyPyramid Menu Planner*, a state-of-the-art personal dietary assessment tool, allows users to enter their age, gender and physical activity level to obtain quick and easy appraisals of the extent to which their daily menus meet the *Dietary Guidelines* and ways to improve diet quality. The *MyPyramid Tracker* is an online diet and physical activity assessment tool that provides in depth information on diet quality and physical activity status, nutrients consumed, as well as providing nutrition messages and links to related government Web sites. Since the launch of MyPyramid.gov in 2005, public interest has been overwhelming: Over 7 billion hits, about 100 million each month, and over 3 million registrations to *MyPyramid Tracker*.

Finally, we have been working with the Ad Council on a series of public service announcements (PSAs) designed to inspire parents to adopt healthier lifestyles for their families. In February, Secretary Vilsack announced the latest set of PSAs, featuring characters from Walt Disney's classic film, Pinocchio, recently re-released on DVD. The announcements encourage parents to visit MyPyramid.gov to find the right balance to a healthy lifestyle for their children.

This is not an exhaustive list of the initiatives and strategies that USDA is pursuing to address overweight and obesity. But I hope that it offers a sense of our ongoing commitment to make sure that the programs we administer are working proactively and effectively to combat this substantial threat to our Nation's health. The nutrition assistance programs cannot offer the sole, comprehensive solution to this complex social problem, which affects people of every age, income level, and background. But the strategies we have in place can make – are making – a real difference in the lives of the children and low-income people we serve. I am confident that the new Administration intends to carry forward the commitment to stem the tide of overweight and obesity as a critical step towards a healthier future.

Madam Chairwoman, I appreciate the opportunity to make this presentation, and would be happy to answer any questions you may have.

Ms. DELAURO. Dr. Brownell.

Mr. BROWNELL. Thank you for the invitation to address the committee. I appreciate all the leadership on public health issues. My name is Kelly Brownell and I am a professor of psychology at Yale University, former Chair of the Department of Psychology, Director of the Rudd Center for Food Policy and Obesity.

I begin today with several points regarding the role that food plays in modern life and how our relationship with food has evolved and how important the USDA can be as a force for change. I often begin talks before an audience by showing a list of ingredients for common food and having the audience guess what food that is. And if you see my written testimony, you will see the list of ingredients on this particular food, which is 48 items strong. And the fact that food can have 48 different things in it shows how different our relationship with food has become.

It used to be—there was a time that if we had such a thing as food labels there would have been one thing on it. It would have the food. It would have been an orange, lettuce, an apple, whatever; and now we have many, many ingredients.

We don't really know what most of these things do to us. There is interesting research that has come out recently on the possible addictive nature of some ingredients of food. But that aside, our relationship with food has become physically distant and psychologically distant; and changing this situation I think could take us very far down the road of improving public health.

Now it so happens that this list of ingredients sums up to be a Chocolate Chip Cookie Dough Pop Tart, but those 40 things could be mixed in different ways to produce lots of foods that are in the food environment. But the fact that we don't really know what is going into the foods that we eat and we are so far from the food and who creates it, a number of problems have developed from them.

One could actually ask if some of these things should be called "a food"—Michael Pollan has written about this—and one could legitimately ask whether a product should be called a food, not because we eat them necessarily, but are they found in nature? Do they create metabolic havoc once they enter the body? Do they interfere with life expectancy or promote it? And these things are really very interesting questions, and beyond the scope of what we are talking about today, but they do show our changed relationship with food.

When we talk about food and our vision of what is acceptable to eat, it is shaped tremendously by the food industry. We have been trained as a nation to believe that you can throw vitamins in water, sugar water, and that it is a healthy thing to take in. We have been trained to believe that something doesn't have to have fruit in it to bear fruit in its name.

A number of things like this have occurred that talk to the power of marketing. And foods marketed, much like alcohol and tobacco, become attractive in part because they are associated with being cool, fun, athletic, popular, et cetera. And you will see how often, if you pay attention to food marketing—how seldom, that is—the properties of the food themselves are measured. Very seldom do we hear that the food tastes good or that it does something good for

us; it is mainly about its associated properties. So change in this system won't be easy. Food policy is affected by factors deeply woven in the economics and politics of our country.

I am very heartened by Secretary Vilsack's comments about nutrition being at the heart of agriculture policy, which I think represents a significant change and could take us down some very good roads. I would like to mention also the possibility of considering guiding philosophy: As we are going ahead with changing nutrition to affect public health is there a way to put all of this together into a central philosophy?

And I would like to introduce the concept that the economists use called "optimal defaults"; and the basic idea there is that you can create changes in the environment that make healthy behavior the default rather than unhealthy behavior the default. And there are stunning examples of the success of these approaches.

I will just use one in the health area unrelated to nutrition. It has to do with the percentage of people who agree to be organ donors in different countries. European countries break down about 60/40 percent into those that use the U.S. model, where you are not an organ donor by default, but you can choose to be one versus countries where you are an organ donor by default, but you can opt out if you wish—the same set of choices under both circumstances, just the default differs.

And the rates are remarkably different of organ donation. In the countries that use the U.S. model, where you are not one by default, about 15 percent of people agree to be organ donors; in the countries where you are a donor by default, it is 98 percent.

Now, that is a startling difference; and one could imagine if you tried to accomplish that with education, you could do an educational campaign. With unlimited money, you could never get that number up to 98 percent or you could just change the default.

And so the question is, are there nutrition equivalents of this? Are there optimal defaults that can be created in the nutrition environment in order to help make healthy behavior the default rather than the opposite? And now, with portion sizes so large, marketing as it is, unhealthy foods priced to be more accessible than healthy options, there are a number of factors that bear down on people to make poor choices the default.

Now, we could use food marketing as an example here. If we added together all the government programs that deal with nutrition education and see what it summed to—let's say 100 million, let's say 500 million, whatever it happened to be—the food industry spends that in the month of January to basically convince people to eat unhealthy foods, with a few exceptions, but mainly that is the case—sugared cereals, soft drinks, fast food, candy and the like. And much of this advertising is directed to children. So that creates an unhealthy default.

As long as that marketing is out there, to the extent it is, it is hard to imagine the population eating a healthy diet.

But, of course, there are many other things that can be done as well. So the question is, what role can USDA play in this? I would like to break down my remaining comments into ways that existing programs might be strengthened and then discuss a few new initiatives that my colleagues and I thought about.

First, in terms of strengthening existing programs, I would like to talk first about children and schools. First is the issue of what shouldn't be in schools. The list of competitive foods that exist now is much too lax; tightening up the standards would be a big help in terms of school nutrition, and the Institute of Medicine has excellent standards that could be used to guide those decisions.

Next is the issue of what needs to be in schools. The Fruit and Vegetable Program administered by the Department of Defense is an excellent start and can be strengthened even beyond where it is now. Better financing for breakfast and lunch programs would give the opportunity for schools to buy healthier foods rather than rely on the low-cost, unhealthier options.

Locking in school wellness policies would also be an excellent thing to do. In the 2004 Child Nutrition Reauthorization Act, school districts were required to develop school wellness policies; and colleagues of mine at the Rudd Center, Drs. Marlene Schwartz and Katherine Henderson, have done excellent work to find out that the school wellness policies do matter and that the school districts with stronger policies tend to have better nutrition practices, as well as other practices related to health.

Next, I would like to talk about the Child and Adult Care Food Program, CACFP. Those programs could be strengthened by having higher nutrition standards. Both pertain to what is allowed and what is not allowed in the programs.

Next, on the WIC and food stamp front, of course, a tremendous opportunity here to improve things. I would encourage less emphasis on direct education, although education sounds like a good thing, and we all believe in it, and it seems like a pretty good idea; but there is not a lot of evidence suggesting that education is having the desired impact or that it is worth the money spent on it.

And so the question is, do we try to educate our way out of unhealthy diets or do we do things like changing defaults? And an example of this, a real-world example, would be New York City where the health commissioner and the Department of Health passed a regulation that forbids restaurants to have trans fats in the restaurant foods.

Now, again, you could try to accomplish that with education and never get to the goal or you can just change the default: You get rid of the trans fats.

And so, again, I go back to the question, in WIC and food stamps, can we create better defaults? And then I will end with the following.

Is that my cue to stop?

Ms. DELAURO. No.

Mr. BROWNELL. Okay.

Ms. DELAURO. Keep going.

Mr. BROWNELL. I am almost done anyway.

And then another thing that could be improved with WIC and food stamp programs is, the USDA has pretty strict rules on what States can say about specific foods. And States—and we have talked to some people in some States who feel hamstrung by not being able to produce written materials that say people should eat less of anything in particular. So they can't recommend, for example, that people should drink less sugared beverages or eat less fast

food or eat fewer french fries or things like that, because of this censoring rule. And if that could be changed, it would provide more flexibility for States to be more aggressive with the messages they give people.

Position of and reimbursement for better foods within those programs would be helpful, too.

In terms of new initiatives, I would recommend several things. One is, I would like to see somewhere in government a commission established that would simultaneously address hunger, obesity and the environmental consequences of modern food practices. These are all very pressing issues. Depending on who you talk to, hunger is a major problem, obesity is a major problem, the environmental degradation produced by modern food practices is a problem. But these worlds of people very seldom interact, and sometimes even have competing needs.

An example would be the green revolution which has helped feed the environmental world, but at an environmental cost. And so, are there ways that these worlds could come together and we could create win-win-win for hunger, obesity and sustainability issues? I believe there can be, but again, these worlds aren't talking very much.

I would recommend a great deal more emphasis on farm-to-school programs; and this, apropos of Chairwoman DeLauro's comments about Alice Waters, who has championed this issue. Children, because of the way they are raised in the United States now, have very little relationship with food. Fewer and fewer people know how to cook these days. You have schools that aren't doing a very good job teaching kids nutrition; and so strengthening those programs would be a big help.

And then I will end with recommendations for two studies I would recommend the IOM, the Institute of Medicine, be commissioned to do. One would be a study on the economic and health impact of farm subsidies. There is a lot of debate about farm subsidies now. Michael Pollan and others have written about it extensively. And as I talk to my economist friend, I get the sense that this a far more complex topic than one might see if you just read the press.

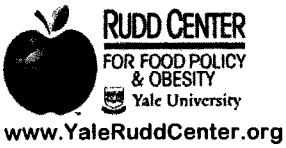
And it is not a simple issue of corn farmers get subsidies, and therefore, we are helping drive obesity; but it is actually a very complicated topic that deserves the sort of thoughtful analysis that the Institute of Medicine could provide. So I would like to see that with some specific recommendations about how subsidy programs might be harnessed in order to improve health.

And then, second, I would recommend the Institute of Medicine be commissioned to do a study on the impact of food prices and access, especially in vulnerable populations, on ultimate diet and health and whether we can change food prices and access in a way that helps these vulnerable populations maintain their health.

Thank you very much.

Ms. DELAURO. Thank you, Dr. Brownell.

[The information follows:]



TESTIMONY OF KELLY D. BROWNELL, Ph.D.
Professor of Psychology, Epidemiology and Public Health
Director of the Rudd Center for Food Policy and Obesity
Yale University

Before the
Committee on Appropriations
Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies
U.S. House of Representatives
March 12, 2009

Thank you for inviting me to testify before the committee. My name is Kelly Brownell and I am Professor of Psychology at Yale University, former Chair of the Department of Psychology, Professor of Epidemiology and Public Health, and Director of the Rudd Center for Food Policy and Obesity. The Rudd Center seeks to improve the world's diet, prevent obesity, and reduce weight stigma by establishing creative connections between science and public policy, carrying out research that addresses key questions in nutrition policy, and serving as an information resource to leaders around the world on matters of food and nutrition.

I begin with several points regarding the role food plays in modern life, how our relationship with food has evolved, and how important the USDA can be as a force for change. I will then comment on specific programs.

I often begin talks by showing an audience a list of ingredients from a common food product and ask them to guess the name of the product. This product contains 48 entries in the ingredient list:

> ENRICHED FLOUR (WHEAT FLOUR, NIACINAMIDE, REDUCED IRON, THIAMIN MONONITRATE [VITAMIN B1], RIBOFLAVIN [VITAMIN B2], FOLIC ACID), SUGAR, VEGETABLE OIL (SOYBEAN, COTTONSEED AND HYDROGENATED COTTONSEED OIL† WITH TBHQ AND CITRIC ACID FOR FRESHNESS), HIGH FRUCTOSE CORN SYRUP, DEXTROSE, CORN SYRUP, SEMI-SWEET CHOCOLATE CHIPS (SUGAR,

CHOCOLATE, COCOA BUTTER, DEXTROSE, SOY LECITHIN), CONTAINS TWO PERCENT OR LESS OF CRACKER MEAL, SALT, MODIFIED CORN STARCH, LEAVENING (BAKING SODA, SODIUM ALUMINUM PHOSPHATE), CORNSTARCH, NATURAL AND ARTIFICIAL FLAVORS, CARAMEL COLOR, NONFAT MILK, GELATIN, MONO- AND DIGLYCERIDES, SODIUM STEAROYL LACTYLATE, YELLOW #6 LAKE, DATEM, BLUE #2 LAKE, XANTHAN GUM, COLOR ADDED, RED #40 LAKE, SOY LECITHIN, YELLOW #5 LAKE, NIACINAMIDE, REDUCED IRON, DRIED EGG WHITES, VITAMIN A PALMITATE, PYRIDOXINE HYDROCHLORIDE (VITAMIN B6), RIBOFLAVIN *(VITAMIN B2), THIAMIN HYDROCHLORIDE (VITAMIN B1), FOLIC ACID.*

Various forms of sugar and fat appear multiple times in this list, as do a list of chemicals industry adds to give the product the texture, consistency, color, shelf life, and of course taste to maximize consumption. These ingredients, individually or in combination, affect our bodies, most notably the brain, in ways that are not well understood.

These ingredients sum to become a Chocolate Chip Cookie Dough Pop Tart, but in various combinations could form many different products. One can legitimately ask whether these products should be called foods. Yes we eat them, but if one defines foods as things found in nature, that can be ingested without creating metabolic havoc, and that help us survive rather than interfere with life expectancy, some things simply wouldn't qualify.

Whether one defines a Pop Tart as a food is a complex subject, but it does show how distant we are from what we eat. Long gone is the knowledge of who grows our food, how it is handled and processed, and what gets stirred into the vast industrial vat when it is made. We are physically distant from its origins (we could not begin to guess what state it is made in) but also psychologically distant. Food, marketed much like alcohol and tobacco, becomes attractive in part because it is associated with being cool, fun, athletic, popular, etc. If you pay attention to food marketing you will see how seldom the properties of the food are mentioned. Absent is the close connection humans once had with their food.

This distance has many consequences. One is the common view of food as a commodity - we want as much as we can get at the lowest possible price. Quality becomes less important than quantity and lost in this equation entirely is the environmental impact of modern agricultural practices that make the Big Mac, the Coke, the Twinkie, the Cheeto, and the Pop Tart so widely available at such low cost. Agriculture policy has done much to promote this and little to thwart it.

Many forces have pushed the nation down this road. Advances in agriculture technologies, improved transport, the genetic modification of foods, and subsidy policies are but a few examples. These were not put in place with evil intent. Quite the contrary, these were designed to maximize food production in an effort help both farmers and the larger agriculture industry, and to address what was, and still is a vexing problem - hunger. Agriculture and nutrition policy today, at least to some extent, is a holdover from these earlier times. The goal of producing immense quantities of food at low cost has been realized, but what the architects of the policies could not and did not anticipate was a downside – the massive production of processed foods high in sugar, fat, and salt. Combine this with relentless marketing of such food, particularly to children, effective strategies employed by the industry to maximize sales,

including packaging, portion sizing, pricing, and the making of health claims, and the economics of food that make unhealthy choices the default for so many American families, and we have a recipe for a nation in nutrition crisis.

But now we know, and in fact have known for several decades that the nation's food policies, as all policies do, have upsides and downsides. There is unprecedented attention to these policies – witness the debate over the most recent Farm Bill. The challenge is to set a course that helps remedy hunger, prevent obesity, insure healthy foods are available to all, and allow the country to establish a new relationship with food.

This will not be easy. Food policy is affected by factors deeply woven into the economics and politics of our country. Change requires more than tinkering around the edges. USDA Secretary Vilsack said at the outset of his appointment, "This is a department that intersects the lives of Americans two to three times a day. Every single American. So I absolutely see the constituency of this department as broader than those who produce our food -- it extends to those who consume it." This implies a bold new approach - placing human nutrition at the center of agriculture policy.

Better Defaults

Economists and public health experts are converging on the concept of creating healthy defaults – conditions where it becomes easy to make healthy choices. Stopping the sale of lead paint and leaded gasoline makes painting and driving less toxic, by default. There are innumerable other examples – fluoride in drinking water, air bags in automobiles, immunization requirements for children – the list goes on.

A remarkable example of the power of defaults involves the choice to be an organ donor. A study of European countries compared those like the U.S. where individuals are not donors by default, but can opt in when they get a driver's license, to other countries where people are a donor by default but can choose to opt out. The choices are the same in both cases, but there are stunning differences in the percentage of people who are donors – about 15% in countries where one is not a donor and 98% in countries where opting in is the default. With an unlimited budget, an educational campaign encouraging people to be donors could only dream of a 98% success rate. Writing a different default into law costs little and works, *really* works.

Default nutrition conditions in American are good in many ways and disastrous in others. There are fewer nutrition deficiencies than in the past and food is more available to the poor. And to the extent we wish to have supermarkets with 100 choices of salad dressings, 50 choices of yogurt, and several dozen types of ice cream, victory can be declared. But conditions also favor high consumption of foods that contribute to a cascade of diseases related to poor diet. Obesity, diabetes, heart disease, and cancer top the list. As you probably know, medical professionals were forced to drop the term "adult onset diabetes" when children as young as age 8 were being afflicted. Given modern food defaults, it is hard to imagine any outcome other than rampant obesity and diabetes, given the relentless and powerful environment bearing down on people.

We can use food marketing as an example. Let's say hypothetically that we sum the amount spent on nutrition education programs across all government agencies and the amount comes to $100 million per year. This would be a very generous estimate, but let's use it as a round number. The food industry spends this by the first week in January, just marketing to children. And what is being marketed? Sugared cereals, fast food, soft drinks, candy, etc. Other factors such as large portions, low costs for high-calorie foods, higher costs for fruits and vegetables, limited access to healthy foods for the poor, high consumption of soft drinks and fast foods, and food marketing have been shown in scientific studies to be linked to poor diet, risk for excess weight gain, and in some cases diseases such as diabetes. Less than ¼ of American adults, and even fewer children, get the recommended servings of fruits and vegetables each day. By any standard we need better defaults.

Strengthening Existing Programs

A number of USDA programs could be strengthened to have a positive effect on the nation's nutrition. We can begin with children.

Children and Schools. Alice Waters, a champion for better school lunches, has said, "Right there in the middle of every school day, lie time and energy already devoted to the feeding of children. We have the power to turn that daily school lunch from an afterthought to a joyous education, a way of caring for our health, our environment and our community." How can USDA programs and policies help accomplish this?

First is consideration of what should *not* be in schools, namely foods that contribute to ill health in our children. The USDA uses old standards to define permissible competitive foods. Using standards already defined by the Institute of Medicine could help modernize and tighten this important definition.

Second is the financing and composition of school breakfast and lunch. Increasing reimbursement rates would permit the purchase of better foods such as fresh fruits and vegetables and whole grains, and decrease reliance on foods high in fat and sodium. Other helpful advances would be to improve the nutrient quality of USDA commodity foods, require district level engagement of nutrition professionals, issue grants to schools to purchase food preparation equipment, increase funding for the Department of Defense Fresh Fruit and Vegetable Program, and require that only low fat or skim milk be available in schools.

Third, a positive step occurred with the requirement in the Child Nutrition Reauthorization Act (CNRA) of 2004 that schools establish a school wellness policy. Research by my Yale colleagues Drs. Marlene Schwartz and Kathryn Henderson has shown that while there is wide variability in both the nature of the policies and their implementation, wellness policies *do* matter – better policies are associated with better nutrition practices. In the next CNRA, policies will be strengthened if: a) each policy is required to meet minimum nutrition standards determined by the state; b) a process is established by which schools create a permanent wellness committee with representation from school administration, teachers,

students, parents, health professionals, and the community; c) policies are made public; and d) the policies are evaluated using a validated measurement tool and the results be made public.

CACFP (Child and Adult Care Food Programs). Existing standards within the CACFP permit the use of meals of poor nutrient quality. Programs can be attracted to such meals because of low costs for calorie-dense, nutrient-poor foods. It is the classic problem faced by soup kitchens – serve more people worse food or fewer people better foods. USDA policy can help remove this tension.

Using the CACFP to improve nutrition defaults could be accomplished by: a) raising reimbursement rates to make it possible to serve healthier foods, especially perishable fruits and vegetables; b) eliminating juice as fruit serving or eliminating juice completely; c) allowing only water or 1% or skim milk for children over age 2; d) serving whole grains as the primary source of grain (e.g., 100% whole grain bread, pasta, cereal, and crackers); e) helping individuals develop skills for finding these products in their communities; f) eliminating fried foods, high-fat meats, and high-fat cheeses; g) requiring that snacks always consist of or include a fruit/vegetable; and h) limiting added sugar in products.

Farm Bill. With its size and central importance in the nation's nutrition, the Farm Bill can be a powerful tool for addressing nutrition issues. One controversial issue involves subsidies. This is a complex matter outside the scope of this testimony, but below I will recommend a means for establishing a base of information to help inform policy.

Women, Infants and Children Program (WIC). Important progress has been made with WIC by limiting reimbursement for juice, providing targeted fruit and vegetable support, and improving the breastfeeding package. Additional progress would be possible by providing reimbursement for only 1% or skim milk for children over age 2, and to increase targeted support for fruits and vegetables.

Food Stamps. This program needs the careful attention that WIC recently received. Consumers using food stamps face a number of challenges. The once-per- month allocation leaves many families strapped by the end of the month, creating strong incentives during this period to purchase cheaper, and therefore less healthy foods. The purchase of empty calories in foods such as soft drinks is now permitted. Above all, the value of food stamps is low enough overall to discourage purchase of foods such as fresh fruits and vegetables.

Possible remedies are to: a) give recipients the option to get food stamps monthly or bi-weekly; b) provide bonus benefits for the purchase of fruits, vegetables, and whole grains; c) increase access to farmer's market nutrition programs to increase the availability of vouchers for fruits and vegetables; and d) increase food stamp benefits overall, especially if coupled with programs to improve nutrition.

Possible New Initiatives

A variety of new initiatives might be considered to maximize the positive impact of USDA policy on the nation's nutrition and health:

1) Develop ways to connect nutrition and environmental issues within the Farm Bill and across USDA programs in general. Consumers are becoming more aware of the environmental impact of their food choices. Linking these two issues could be helpful to both the environment and diet.

2) Create a commission to examine opportunities to connect groups, organizations, foundations, and agencies working on three issues – hunger, obesity, and the environmental impact of food practices. The aim is to eliminate competing interests and to establish common ground.

3) Increase support for farm to school programs. Eating habits are established early, as are food values such as the importance of locally grown food.

4) Increase support for school gardens, with the Edible Schoolyard as the model.

5) Commission the Institute of Medicine to complete a thorough economic and health analysis of the impact of subsidies, asking specifically for recommendations on how subsidy policy could be used to address the nation's nutrition and health concerns.

6) Commission the Institute of Medicine to complete a study examining the impact of food prices and food access on the health of the nation, with particular focus on vulnerable populations.

Before ending, I would like to mention the Yale Rudd Center website, which is at: www.YaleRuddCenter.org. The site is rich with information on nutrition and food policy, offers policy briefs on a number of key topics, links to podcasts with leading experts, and provides a way to receive a free email newsletter on nutrition policy issues.

In closing, I would like to thank several groups for providing valuable input, including the Center for Science in the Public Interest and the National Alliance for Nutrition and Activity. This is an exciting time for the country and for the USDA. By refining existing programs and adding imaginative new initiatives, there is every potential to do what the country desperately needs.

Thank you, and good luck with your important work.

Ms. DELAURO. Ms. Parker, that was a vote, as you know, so we will hear your testimony and then we will sort ourselves out from there.

Ms. PARKER. Thank you. Good afternoon, Madam Chair and members of the committee. Thanks for the opportunity to be with you here today.

My name is Lynn Parker, and I am a scholar at the Institute of Medicine at the National Academies. Prior to coming to the Institute of Medicine, I was a member of the Committee on Nutrition Standards for Foods in Schools at the Institute of Medicine, so was involved with that committee in writing the report that I am going to talk about today—Nutrition Standards for Foods in Schools: Leading the Way Toward a Healthier Youth.

The Institute of Medicine was established in 1970 under a charter with the National Academies to provide independent, objective and evidence-based advice to policymakers, to health professionals, the private sector and to the public.

In 2005, in the wake of the rising rate of obesity and also the increasing availability of high-calorie, low-nutrient foods in schools that were being served and offered in competition with the school lunch and breakfast programs, Congress directed the Centers for Disease Control to undertake a study with the Institute of Medicine to review the evidence and make recommendations about what would be the appropriate nutrition standards for foods that are offered in competition with the reimbursable school lunch and breakfast programs.

The need for such standards is simple, and I think people have already sort of talked a little bit about that. While we have federally reimbursed school meals that have to meet nutrition standards, the competitive foods that are offered in competition with those meals do not have to conform to very much of a standard at all. It is a very limited standard; and some people are surprised to hear that these foods only have to meet less than—the only foods that are prohibited are those that have less than 5 percent of eight key nutrients.

So we are talking about foods that are very low in nutrients that are actually being prohibited from being served in competition with school meals. And also, the only control is around the cafeteria and during the meal period, so anything that happens before or after a meal period or anything that happens nearby the cafeteria is okay.

To begin the process of developing these recommendations we developed a list of guiding principles to guide us in our work. And we wanted those guiding principles to lead us to creating a healthful eating environment for children in the United States. And I want to—there were several guiding principles, and they are in my testimony, but I just wanted to tell you a couple of them so you can see sort of where we were coming from.

We said that schools contribute to the current and lifelong health and dietary patterns of children. Children are there all day long, 5 days a week a significant part of the year; and schools, because of that, are uniquely positioned to model and reinforce healthful eating behaviors among children. And we also said, in partnership with parents, teachers and the broader community.

Also, we all agree that foods and beverages offered in the school campus should contribute to the overall healthy eating environment and to the long-term healthful eating habits of children and serve a basis for their habits in the future. And we looked at both the dietary guidelines as a guide for what we did and also other pertinent scientific information that is available.

So, drawing on the *Dietary Guidelines* and the scientific data describing the current dietary intake of school-age children, what we found was that children are not—and this won't surprise you—are not eating enough fruits and vegetables, are not eating enough whole grains and are not drinking enough or eating enough low fat and nonfat dairy foods and beverages. And the *Dietary Guidelines* urge us to promote those four kinds of foods to children and encourage their consumption.

So ultimately what we—and I am going to put my glasses on now—what we recommended was that the foods that are offered in competition with the school meals ought to be those foods that represent fruits and vegetables, whole grains and low fat and nonfat dairy products.

We organized our competitive foods list—competitive foods and beverages list into two tiers to make a distinction about when certain foods should be allowed to be provided. Tier 1 foods were those foods that we felt should be offered during the day, if a school chooses to offer competitive foods during the school day; and those foods include fruits and vegetables, whole grains, nonfat and low fat dairy products. And to give you some examples of the kinds of foods we are talking about, they would be things like apples, carrot sticks, raisins, some multigrain tortilla chips, granola bars and nonfat yogurt with limited added sugars.

The second tier of foods that we recommended were those that meet certain standards, certain nutritional criteria—reduced fat, saturated fat, additives and sodium—but don't necessarily have the full servings of fruits, vegetables, whole grains and so forth. And we suggested that as an option after school in high schools.

So those of the guiding principles in those two tiers form the basis of our recommended nutrition standards for competitive foods and beverages. The standards have two objectives: to encourage consumption of healthful foods and beverages and to limit the consumption of dietary components like fat, saturated fat, sodium and added sugars that either fall outside the recommendations of the *Dietary Guidelines* or are just not optimal for the diets or health of school-age children.

These standards are intended to ensure that competitive foods, snacks and beverages complement the School Lunch Program and meals and that they contribute to the development of lifelong eating patterns. In other words, if schools decide that they want to serve foods in competition with school lunch and breakfast, those foods should complement the School Lunch and Breakfast Programs and their goals, not compete with the School Lunch and Breakfast Programs and their goals. Those foods should be moving children toward the *Dietary Guidelines* and meeting the *Dietary Guidelines* rather than moving them away from meeting the *Dietary Guidelines*.

One of the major purposes of the School Lunch and Breakfast Programs and their nutrition standards is to provide children with a diet and with meals at school that meet the *Dietary Guidelines*.

The committee also recommended that the standards apply throughout the school campus and throughout the school day so that they are consistent throughout the day and that the message that children are receiving, the offerings that are available to them and what they are learning about what is best to be eating and consuming, are consistent throughout the campus and throughout the school day.

So, in conclusion, the committee looked at the traditional school nutrition programs like breakfast and lunch as ones that are the major source of nutrition for kids and that should be providing access to healthful foods. If a school decides to offer competitive foods, then these offerings should encourage greater consumption of fruits and vegetables, whole grains and nonfat and low fat dairy products.

It is our hope that as these recommendations are taken into account and implemented at the local, State and national level; that they move our schools toward providing children with a model of what good nutrition is; that they serve as a basis for kids understanding what a healthful diet consists of, so that they are available for them to consume and so that, as Kelly Brownell pointed out earlier, they are the healthy default, they are the foods that are available to kids.

Thank you very much for the opportunity to testify, and if you have any questions about anything that I have said, I would be glad to answer your questions.

[The information follows:]

NUTRITION STANDARDS FOR FOODS IN SCHOOLS

Statement of
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and
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Food and Nutrition Board
Institute of Medicine
The National Academies

before the
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
U.S. House of Representatives

March 12, 2009

Good afternoon, Madame Chair and members of the Committee. My name is Lynn Parker. I am currently a scholar at the Institute of Medicine of the National Academies. Prior to joining the Institute of Medicine, I served as member of the Committee on Nutrition Standards for Foods in Schools of the Institute of Medicine which produced the report, *Nutrition Standards for Foods in Schools: Leading the Way Toward Healthier Youth.* Established in 1970 under the charter of the National Academy of Sciences, the Institute of Medicine provides independent, objective, evidence-based advice to policymakers, health professionals, the private sector, and the public.

In FY 2005, in the wake of the rising rate of obesity among American youth and the increasing availability of high-calorie, low-nutrient products on school grounds, Congress directed the Centers for Disease Control and Prevention to undertake a study with the Institute of Medicine to review evidence and make recommendations about appropriate nutrition standards for the availability, sale, content, and consumption of foods and beverages at school, with attention to those offered outside the federally reimbursable meals and snacks. The need for such standards is simple. While federally-reimbursed school meals must meet nutrition guidelines, "competitive" foods and beverages are not necessarily required to conform to any nutritional or health standards except for the very limited USDA requirements that no foods of minimal nutritional value (a food or beverage that has less than 5 percent of the Recommended Dietary Allowances for eight specified nutrients) are allowed during meal periods in the vicinity of the cafeteria.

To begin the process of developing recommendations, the committee established a set of Guiding Principles that would result in the creation of a healthful eating environment for children in U.S. schools and to guide deliberations and development of the standards. The Guiding Principles are listed in the April 2007 Report Brief submitted with my written testimony and accessible at http://www.iom.edu/Object.File/Master/42/505/Food%20in%20Schools.pdf. Examples of these include: (a) Schools contribute to current and life-long health and dietary patterns and are uniquely positioned to model and reinforce healthful eating behaviors in partnership with parents, teachers, and the broader community; and (b) All foods and beverages offered on the school campus will contribute to an overall healthful eating environment. The committee was also guided by the 2005 Dietary Guidelines for Americans and reviewed pertinent scientific evidence.

Key Premises and Hierarchy of Foods

Drawing on the Dietary Guidelines for Americans and scientific data describing the current dietary intake of school-age children, the committee identified fruits, vegetables, whole grains, and low-fat dairy as foods and beverages to be encouraged if competitive foods and beverages are allowed in the individual school. In regard to the issue of calories and portion size, the committee considered the fact that once a healthful breakfast and lunch are consumed, for many children there are relatively few calories remaining for consumption as snacks in a healthful diet. The committee also considered efficiency and simplicity when it recommended one maximum calorie portion size for the school setting. The committee organized competitive foods and beverages in schools into two Tiers, according to the extent of their consistency with the Guiding Principles. Tier 1 foods and beverages provide at least one serving of "foods to be encouraged" as defined in the Dietary Guidelines for Americans, and include fresh or minimally processed foods such as apples, carrot sticks, raisins, some multigrain tortilla chips, granola bars, and nonfat yogurt with limited added sugars. Tier 1 beverages are 1 percent or skim milk, 100 percent fruit or vegetable juices and plain water. These were recommended for all schools during the school day. Tier 2 foods and beverages are different from Tier 1 in that they do not necessarily offer a full serving of fruits, vegetables, whole grains, or low-fat or nonfat dairy, but they do meet certain nutritional criteria. These were suggested as an option after school in high schools.

Together, the Guiding Principles and the two Tiers form the basis of the committee's recommended nutrition standards for competitive foods and beverages in schools. The standards have two objectives: to encourage consumption of healthful foods and beverages and to limit consumption of dietary components (such as fat, saturated fat, sodium, or added sugars) that either fall outside the recommendations of the Dietary Guidelines or are not optimal for the diets or health of school-age children. The standards are intended to ensure that competitive snacks, foods, and beverages complement the school lunch and breakfast meals, and that they contribute to the development of lifelong healthy eating patterns.

The committee also recommended that the standards apply to competitive foods sold or offered over the entire school day and throughout the school campus. Finally, the committee made recommendations for actions to implement the nutrition standards by schools; local, state,

and federal governments; industry; and other stakeholders. These recommendations are discussed in chapter 6 of the report and outlined in the Report Brief.

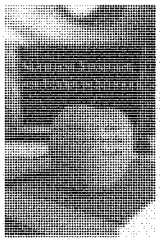
In conclusion, the traditional school nutrition programs are intended to provide access to healthful foods. These programs are the main source of nutrition provided at school. However, if a school decides to offer competitive snacks, foods, and beverages to students, these offerings should encourage greater consumption of fruits, vegetables, whole grains, and nonfat or low-fat dairy products. The recommendations from the committee ensure that competitive foods and beverages are consistent with the Dietary Guidelines for Americans and encourage children and adolescents to develop life-long healthful eating patterns.

Thank you for the opportunity to testify. I would be happy to address any questions the Committee might have.

INSTITUTE OF MEDICINE

REPORT BRIEF • APRIL 2007

NUTRITION STANDARDS FOR FOODS IN SCHOOLS: LEADING THE WAY TOWARD HEALTHIER YOUTH



Research has shown that the school environment has a vital role in shaping children's health behaviors. The rise in obesity over the past 2-3 decades has been accompanied by an increase in the number of alternative food options available on school campuses. These "competitive foods" that are obtained from a variety of sources, including à la carte service in the school cafeteria, school stores and snack bars, and vending machines, are vying with the traditional breakfast and lunch offered through federally reimbursable school nutrition programs. Children spend the majority of their day at school, often staying for after-school activities; the foods and beverages available during and after school can contribute a number of calories to their total daily consumption.

Children in the United States are becoming more overweight and obese, putting them at risk for serious health concerns such as diabetes, cardiovascular disease, and elevated cholesterol and blood pressure levels. In addition to the risk of obesity-related health concerns, poor food choices could lead to other health concerns, like osteoporosis from inadequate calcium intake.

Children spend the majority of their day at school, often staying for after-school activities; the foods and beverages available during and after school can contribute a number of calories to their total daily consumption.

In response to growing concerns over obesity, national attention has focused on the need to establish school nutrition standards and limit access to competitive foods. As a result, over the past few years, school nutrition policy initiatives have been put into place at federal, state, and local levels. Two important federal initiatives have enhanced school health-related policy efforts. First, in 1994, the Centers for Disease Control (CDC) developed the Coordinated School Health Program, comprised of eight interactive components to improve students' health. The second initiative was the Child Nutrition and WIC Reauthorization Act, passed in 2004, which required that local education agencies develop a wellness policy for schools to address the problem of childhood obesity by 2006. However, responses of school districts to meeting wellness policy requirements have not been consistent.

Thus, to augment local wellness policies, Congress directed the CDC to undertake a study with the Institute of Medicine (IOM) to review and make recommendations about appropriate nutritional stands for the availability, sale, content and consumption of foods at school, with attention on competitive foods. The ensuing report, *Nutrition Standards for Healthy Schools: Leading the Way Toward Healthier Youth*, concluded that federally-reimbursable school nutrition programs should be the main source of nutrition at school, and opportunities for competitive foods should be limited. However, if competitive foods are available, they should consist of nutritious fruits, vegetables, whole grains, and nonfat or low-fat milk and dairy products, consistent with

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the 2005 Dietary Guidelines for Americans (DGA), to help children and adolescents develop healthful lifelong eating patterns.

GUIDING PRINCIPLES FOR EATING HEALTHY AT SCHOOL

The IOM report lays out a set of guiding principles to support the creation of healthful eating environments for U.S. school children, as shown in Box 1.

...if competitive foods are available, they should consist of nutritious fruits, vegetables, whole grains, and nonfat or low-fat milk and dairy products, consistent with the 2005 Dietary Guidelines for Americans (DGA), to help children and adolescents develop healthful lifelong eating patterns.

Box 1. Guiding Principles

The committee recognizes that:

1. The present and future health and well-being of school-age children are profoundly affected by dietary intake and the maintenance of a healthy weight.
2. Schools contribute to current and life-long health and dietary patterns and are uniquely positioned to model and reinforce healthful eating behaviors in partnership with parents, teachers, and the broader community.
3. Because all foods and beverages available on the school campus represent significant caloric intake, they should be designed to meet nutritional standards.
4. Foods and beverages have health effects beyond those related to vitamins, minerals, and other known individual components.
5. Implementation of nutrition standards for foods and beverages offered in schools will likely require clear policies; technical and financial support; a monitoring, enforcement, and evaluation program; and new food and beverage products.

The committee intends that:

6. The federally reimbursable school nutrition programs will be the primary source of foods and beverages offered at school.
7. All foods and beverages offered on the school campus will contribute to an overall healthful eating environment.
8. Nutrition standards will be established for foods and beverages offered outside the federally reimbursable school nutrition programs.
9. The recommended nutrition standards will be based on the Dietary Guidelines for Americans, with consideration given to other relevant science-based resources.
10. The nutrition standards will apply to foods and beverages offered to all school-age children (generally ages 4 through 18 years) with consideration given to the developmental differences between children in elementary, middle, and high schools.

ORGANIZING FOODS AND BEVERAGES INTO A TIER SYSTEM

The authoring committee systemically organized foods and beverages offered separately from federally-reimbursable school nutrition programs into two tiers according to their consistency with the DGA, as shown in Table 1.

Tier 1 foods and beverages provide at least one serving of fruit, vegetables and/or whole grains, or nonfat/low-fat dairy products and are foods to be encouraged. Tier 2 foods and beverages fall short of meeting Tier 1 criteria, but they do not fall outside the DGA recommendations, and so are allowed, but only in specific circumstances. The committee recommends that plain, potable water is available throughout the school day at no cost to students.

Tier 1 foods and beverages provide at least one serving of fruit, vegetables and/or whole grains, or nonfat/low-fat dairy products and are foods to be encouraged.

TABLE 1. Foods and Beverages That Meet Tier 1 and Tier 2 Standards

Foods	Beverages
Tier 1 for All Students	
Tier 1 foods are fruits, vegetables, whole grains, and related combination products* and nonfat and low-fat dairy that are limited to 200 calories or less per portion as packaged and: • No more than 35 percent of total calories from fat • Less than 10 percent of total calories from saturated fats • Zero trans fat (less than or equal to 0.5 g per serving) • 35 percent or less of calories from total sugars, except for yogurt with no more than 30 g of total sugars, per 8-oz. portion as packaged • Sodium content of 200 mg or less per portion as packaged	Tier 1 beverages are: • Water without flavoring, additives, or carbonation. • Low-fat* and nonfat milk (in 8 oz. portions): o Lactose-free and soy beverages are included o Flavored milk with no more than 22 g of total sugars per 8-oz. portion • 100-percent fruit juice in 4-oz. portion as packaged for elementary/middle school and 8 oz. (two portions) for high school. • Caffeine-free, with the exception of trace amounts of naturally occurring caffeine substances.
Á la carte entrée items meet fat and sugar limits as listed above and:** o Are National School Lunch Program (NSLP) menu items o Have a sodium content of 480 mg or less	
*Combination products must contain a total of one or more servings as packaged of fruit, vegetables, or whole grain products per portion. **200-calorie limit does not apply; items cannot exceed calorie content of comparable NSLP entrée items.	*1-percent milk fat

Tier 2 for High School Students After School

Tier 2 snack foods are those that do not exceed 200 calories per portion as packaged and:

- No more than 35 percent of total calories from fat
- Less than 10 percent of total calories from saturated fats
- Zero trans fat (less than or equal to 0.5 g per portion)
- 35 percent or less of calories from total sugars
- Sodium content of 200 mg or less per portion as packaged.

Tier 2 beverages are:

- Non-caffeinated, non-fortified beverages with less than 5 calories per portion as packaged (with or without nonnutritive sweeteners, carbonation, or flavoring).

Items containing significant amounts of added sugars typically provide "empty calories"--contributing calories without substantial amounts of other nutrients—thus, limiting foods high in added sugars is recommended.

TRIMMING THE EXCESS FROM SCHOOL FOODS AND BEVERAGES

Dietary Fats

Americans consume too much saturated fat, which is associated with increased risk for cardiovascular disease. And like saturated fats, trans fats found in hydrogenated oils increase low-density lipoprotein (LDL) cholesterol, which can further increase risk for heart disease. Trans fats also decrease high-density lipoprotein (HDL) cholesterol, or "good" cholesterol, which protects against heart disease. The committee recommends that snacks, food, and beverages meet the following criteria for dietary fat per portion as packaged: no more than 35 percent of total calories from fat, less than 10 percent of total calories from saturated fats, and trans fat-free.

Added Sugars

Items containing significant amounts of added sugars typically provide "empty calories"—contributing calories without substantial amounts of other nutrients—thus, limiting foods high in added sugars is recommended. The committee believes that limiting sugars to no more than 35% of the item's calories (for nondairy products) is achievable and will contribute to efforts to improve children's eating habits. Dairy products are excepted because they provide calcium for bone health. To avoid eliminating popular dairy products due to the sugars content, the committee made an exception that flavored nonfat and low-fat milk can contain up to 22 grams of total sugars per 8 oz portion and flavored nonfat and low-fat yogurt can contain up to 30 grams of total sugars per 8 oz portion. These standards will maintain product palatability while still reducing intake of added sugars.

Nonnutritive Sweeteners and Soda

In regards to nonnutritive sweeteners (e.g., sugar substitutes like aspartame and saccharin), the committee considered four important issues: safety, displacement of other foods and beverages that should be encouraged, effectiveness for weight control, and the role of choice and necessity. Given the limited amount of consistent evidence, the committee took a cautious approach in its recommendations for the use of nonnutritive sweeteners in schools.

There is some evidence that nonnutritive sweeteners in beverages specifically are an effective weight management tool; however, because they have been shown to dis-

place milk and 100% juice when they are chosen at mealtimes, these competitive beverages should be allowed only in high schools, and only after the school day has ended.

Regarding nonnutritive sweeteners in foods, the committee found a lack of evidence about the effectiveness of nonnutritive sweeteners in foods for weight management. Also, while available studies of the safety of nonnutritive sweeteners have given assurance that they can be marketed and consumed by the public, there are not any studies that have looked for potential effects when these substances are consumed over many years, starting in childhood or teen years. Therefore, the committee did not make recommendations regarding foods containing nonnutritive sweeteners.

Flavored, Carbonated, and Fortified Waters

Schools should make plain, unflavored water available for free throughout the school day, either in the form of bottled water or from water fountains. The committee recommends restricting carbonated water, fortified water, flavored water, and similar products because kids who drink these products may forgo healthier beverages like milk and juice. Also, they are not necessary for hydration purposes, and the growing variety of products increases the difficulty people have in making clear distinctions among them. In addition, the committee did not wish to encourage manufacturers to produce more beverages and foods with nonnutritive components aimed at children rather than products that provide fruits, vegetables, whole grains or healthy dairy.

Sports Drinks

Sports drinks contain significant amounts of sugar or other sweeteners and therefore exceed the standards to be considered Tier 1 or Tier 2 beverages. However, they do provide electrolytes, energy and hydration—all things that people involved in vigorous physical activity may need. The committee recommends that at the discretion of coaches they be available to students engaged in vigorous activity lasting an hour or more.

After-School Activities

After-school activities that are attended mainly by students represent an extension of the regular school day. So only Tier 1 products should be available during after-school activities involving elementary and middle school students. Tier 1 and Tier 2 items should be available to high school students engaged in activities on the school campus after school.

There are also many events that take place on school grounds and involve both students and adults or mainly adults. The committee recognizes that attempting to regulate items sold at such events may be impractical and even undesirable. But schools are encouraged to use foods and drinks that meet nutritional standards.

Fundraising Products

The committee recognizes that many school clubs and organizations have a tradition of selling candy and other foods and drinks for fundraisers. Fundraising is an important activity, but it can be done with healthy foods and drinks if not with other inedible products. Elementary, middle, and high schools should allow only Tier 1 products to be sold on campus for fundraising purposes. In addition to Tier 1 items,

After-school activities that are attended mainly by students represent an extension of the regular school day. So only Tier 1 products should be available during after-school activities involving elementary and middle school students. Tier 1 and Tier 2 items should be available to high school students engaged in activities on the school campus after school.

high schools could allow Tier 2 items after school to be used for on-campus fundraising as well. For evening and community activities that include adults, Tier 1 and 2 foods and beverages are encouraged.

Caffeine

The committee did not support the sale of caffeinated products to school-age children because of the potential for negative effects, including shakiness, headaches, and other symptoms of dependency and withdrawal that could disrupt their abilities to concentrate and learn. They recognize that some products that do not meet the minimal amount, such as chocolate milk, contain naturally occurring trace amounts of caffeine and those items are permissible.

Marketing of foods and beverages in schools should be limited, as recommend in the 2005 IOM report, Food Marketing to Children and Youth: Threat or Opportunity?...

Marketing Foods and Beverages at Schools

Competitive foods and beverages should be limited during the school day, and at after-school events and activities—especially those that are attended mainly by students as an extension of the school day. Marketing of foods and beverages in schools should be limited, as recommend in the 2005 IOM report, *Food Marketing to Children and Youth: Threat or Opportunity?*, and the following standards should be implemented:

- Locate Tier 2 food and beverage distribution in low student traffic areas and ensure that the exterior of vending machines does not depict commercial products or logos or suggest that consumption of vended items conveys a health or social benefit.
- Tier 1 snack items are allowed after school for student activities for elementary and middle schools. Tier 1 and 2 snacks are allowed after school for high school.
- For on-campus fundraising activities during the school day, Tier 1 foods and beverages only are allowed for elementary and middle schools; Tier 1 and 2 foods and beverages are allowed for high schools. For evening and community activities that include adults, Tier 1 and 2 foods and beverages are encouraged.

Implementation of Nutrition Standards in Schools

Appropriate policy-making bodies should ensure that recommendations are fully adopted by providing:

- Regulatory guidance to federal, state, and local authorities;
- Designated responsibility for overall coordination and oversight to federal, state, and local authorities; and
- Performance-based guidelines and technical and financial support to schools or school districts, as needed.

Appropriate federal agencies should engage with the food industry to:

- Establish a user-friendly identification system for Tier 1 and 2 snacks, foods, and beverages that meet the standards per portion as packaged; and
- Provide specific guidance for whole-grain products and combination products that contain fruits, vegetables, and whole grains.

CONCLUSION

The federally reimbursable school nutrition programs traditionally have been an important means for ensuring that students have daily access to fruits, vegetables, whole-grain-based products, and nonfat or low-fat dairy products during the school day.

The committee's view is that these programs should be the main source of nutrition provided at school. However, the committee also recognizes that there are an increasing number of opportunities for students to eat and drink, including á la carte services, vending machines, school stores, snack bars, concession stands, classroom or school celebrations, achievement rewards, after-school programs, and other venues.

Thus, schools are encouraged to limit such additional opportunities for students to eat and drink, but when they do arise in school, they should be used to encourage greater daily consumption of fruits, vegetables, whole grains, and nonfat or low-fat dairy products. The recommendations in this report are intended to ensure that offerings in these venues are consistent with the DGA and, in particular, to help children and adolescents meet the guidelines for consumption of fruits, vegetables, whole grains, and nonfat or low-fat dairy products.

The recommendations in this report are intended to ensure that offerings in these venues are consistent with the DGA and, in particular, to help children and adolescents meet the guidelines for consumption of fruits, vegetables, whole grains, and nonfat or low-fat dairy products.

FOR MORE INFORMATION...

Copies of *Nutrition Standards for Foods in Schools: Steps Toward Healthier Youth in America* are available from the National Academies Press, 500 Fifth Street, N.W., Lockbox 285, Washington, DC 20055; (800) 624-6242 or (202) 334-3313 (in the Washington metropolitan area); Internet, http://www.nap.edu. The full text of this report is available at http://www.nap.edu.

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COMMITTEE ON NUTRITION STANDARDS FOR FOODS IN SCHOOLS

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Ms. DELAURO. I think what we are going to do is—there are about 4 minutes left in the vote and then there are two 5-minute votes after that. I think, with the concurrence of the committee, the subcommittee will just recess to go for the votes and then come back. Then we will take up the questioning.

I beg your indulgence, but this is our way of life. Thank you.

[Recess.]

NUTRITION EDUCATION

Ms. DELAURO. We are going to get started. I know the other members are coming back. Again our apologies, but let's get started with questions.

Mr. O'Connor, last year's hearing I asked about funds that FNS is spending on nutrition education. The FNS estimated that $788 million, Dr. Brownell, it is not 100 million, it is 788, and that doesn't include the State match money, which is somewhere near another 300 million or so.

Over 95 percent of the funding is payment to State agencies, $305 million to food stamp agencies, 445 to WIC. About $19 million, as I understand it, goes to support nutrition education in schools.

I am going to get my couple of questions out here and then give you time to answer and to interact.

We need an overview of FNS programs and what you are currently doing on nutrition education that deals with the obesity issue. I am going to get right to the chase here. There is a 50 percent match from State, again which increases the total amount of the program. But my question is how do we know that we are getting anywhere with this nutrition education? What feedback do we get? What specific types of nutrition education are States implementing?

I know you did some messaging last December on messages that work. Who analyzed it? What does it say? What is getting through? What changes should we be making on nutrition education to make it more effective? My question is, is $19 million enough for schools?

So that series of questions, this is the Appropriations Committee. We are sending this money this way. What is happening to it?

Then I have a follow-up question. When you answer this one, I also want to get the other two panelists to answer it. Your testimony talks about, and I quote, "concerns about the role of nutrition assistance and causing weight gain. USDA is not aware of any convincing evidence that school meals or other Federal nutrition assistance programs cause obesity or overweight. The evidence that does exist is mixed." That is a quote from your testimony.

So with regard to that, when you address that I am going to ask Mr. Brownell and Ms. Parker whether or not they agree with that statement. Do they think there is any relationship to our nutrition assistance programs or the commodity programs and causing weight gain. So let me ask you to address the issues of our nutrition education programs and analysis of those efforts and their effectiveness.

Mr. O'CONNOR. To the first question, where is the money going and what do we know about what we are getting back from it, we know that in the SNAP program, for example, where most of the

money is going that you were just describing, where there is a State match, 52 of the State agencies have nutrition education programs that we are participating in the funding in. This is up over the last several years when there were many fewer——

Ms. DELAURO. What is the effectiveness of the program?

Mr. O'CONNOR. The effectiveness is something that we are still trying to assess.

Ms. DELAURO. How?

Mr. O'CONNOR. We have a new reporting requirement that we just put into effect, where we are going to be able to through collecting that information know better what all of the States are doing, and we are going to be sponsoring some projects looking at effectiveness to make sure that we can share what one State is doing that is effective with other States so that we can try to promulgate effective interventions from place to place to place.

Ms. DELAURO. What is the timing on that?

Mr. O'CONNOR. I believe we are about 2 years away from the results of that coming back in. So in the meantime——

Ms. DELAURO. We are 2 years away?

Mr. O'CONNOR. Right, in terms of trying to assess the effectiveness of what the State efforts are. In the meantime we have been doing some things well. We are trying to get folks to focus around certain common messages. We have recently put out some core nutrition messages because we know that one of the ways we can try to get behavioral changes that I was talking about is to continually have messages resonate from various places. So if we can get folks to try to have the same message carried in various ways, then we can try to have more effective——

Ms. DELAURO. Tell me about the messages that were tested last December. I run for office every 2 years. So does my colleague Mr. Kingston and Mr. Farr. We deal with messages all the time, what we say and what we do. If we waited, if we waited the amount of time to figure out what messages work or don't work, it would be a cold day in you know what before we got here.

What happened in December.

Mr. O'CONNOR. Those are the messages that we put out to the State agencies. They are now using those messages. They have been accepted by the States and they are incorporating those into the nutrition education programs that they are running for the clientele.

Ms. DELAURO. We are running on empty. Is it an old Jackson Browne? We are running on empty here, and years before we get to what we need to do in an age of unbelievable technology and ability to follow up.

The red light is here, but I do want to have Mr. Brownell and Ms. Parker comment about that quote from Mr. O'Connor's testimony about role of nutrition assistance and causing weight gain, USDA is not aware of any convincing evidence that school meals or other Federal and nutrition assistance programs cause obesity and overweight. The evidence that does exist is mixed. I ask for your comment on the earlier commentary as well as on this.

Ms. Parker.

Ms. PARKER. Let's see, let me answer in a couple of ways if that is okay. One is in terms of nutrition education we don't really have

a recent report at the Institute of Medicine on the effective nutrition education or what works best, but we do have several reports on obesity prevention and childhood obesity prevention. And when we looked at that issue what we found was that the environment in which children are affects whether they become obese or not. There are connections between environment and obesity both for children and adults.

And my point is this, that nutrition education by itself is not going to take you all the way. You really need to look at and make it possible for people to act on what they have learned. You have to make it possible for children to act on what they have learned.

If a child is at a school where competitive foods are being served that are high in fat and sodium, you are teaching them one thing and in then changing it around. If you tell kids they should be physically active and try to encourage them through nutrition education, which physical activity is part of nutrition, but if there is no physical education in school, if kids can't walk to school because it is dangerous, if the whole build environment around them, if the fast food restaurant is one block away perhaps from their school and there is no labeling there, those are all potential situations in which it is very difficult for people to act.

If a mother learns that she should be having low fat meats and low fat dairy, but not a store in her neighborhood that provides those products because there is no major grocery store, she can't act on it.

So I guess I want to throw in the idea that along with nutrition education we have to be thinking about also changing the environment in which people are so they can act on what they learned.

And then on the issue of food programs and obesity we haven't done that analysis, but speaking from a personal perspective I have looked at the literature and other research that I have done outside of my work at the Institute of Medicine, and I would agree with the USDA analysis and both at ERS and FNS that the literature is mixed but overall there does not seem to be a connection between—right now in the scientific literature it is not clear that there is any connection between obesity and the nutrition programs.

The one thing I would say is that when I was talking about competitive foods, people often don't realize school lunch is a program that has portion size control, that it has to meet certain nutrition standards, but there are other things that are being sold and offered to children at the same time. When people walk into a cafeteria, they don't realize that a lot of the foods that are provided are foods that are outside of the lunch program that are sold and there is vending machines and student stores and snack bars. So there is a lot of, again, in terms of the environment in which kids are, and in the environment in which school lunch and breakfast are it is a pretty difficult environment to provide kids with a nutritious meal.

Ms. DELAURO. Dr. Brownell.

Mr. BROWNELL. Three reactions, number one is the question about whether these programs are helping drive obesity I believe comes in the context of critics of these programs using this as an excuse for wanting to cut them back. I do not believe there is suffi-

cient evidence to justify that point of view. There is plenty of evidence, anecdotal and just common sense, that would suggest that the programs could be doing more to help the obesity problem. So going forward, that certainly becomes the more important question.

Second is the issue of nutrition education. There is a long history of nutrition education affecting things other than behavior, like they affect knowledge and attitudes about food, but you don't get too many nutrition education programs that actually change behavior. And I really support the spirit of what the USDA is doing, but unless they are doing something different than everybody else has been doing for years and years and years, it will take 2 years to find the inevitable, that these things have unsatisfying results. Now I hope that is wrong, and God bless them if they can pull it off, but it would be different than anything else that has happened in the past. That is why I believe that changing the default conditions is more important than education.

So back to the point Lynn made, if there were zoning ways to get mini markets and fast food restaurants and the Dunkin Donuts out of the range where kids can walk from a school, that would probably be more helpful than the education going on in school.

And then, second, the core messages that Mr. O'Connor discussed. I am very much in favor of that in principle and I think it is a very good idea. Unfortunately, I think the USDA for years and years has existed in a political climate where there has been great fear of offending the food industry. I haven't seen the core messages, but my guess is that they are probably not the most assertive in the world. The core messages that one is left with in that political environment is focusing on encouraging people to eat more of the good things rather than less of the bad things. You just can't get to the goal line by doing that. You can talk about fruits and vegetables all day long, but as long as there is soft drinks, fast food, sugared cereals, candies, you have big trouble.

So to the extent that USDA, with the political climate, can change and the USDA is empowered to be more assertive with those core messages, I think that would be quite beneficial.

Ms. DELAURO. Thank you very much. I want to yield to my colleague from Georgia. I would love to see if we can get the core messages and take a look at it. I think you made an interesting point, both of you, in terms of the amount of the money we are spending on education and the outcome. $788 million is not exactly chump change. It is not the $10 billion or the money that the industry spends, but it is certain maybe we can redirect some of that in more effective ways.

[The information from USDA follows:]

Maximizing the Message:

Helping Moms and Kids Make Healthier Food Choices

U.S. Department of Agriculture
Food and Nutrition Service

USDA

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Speaking With One Voice

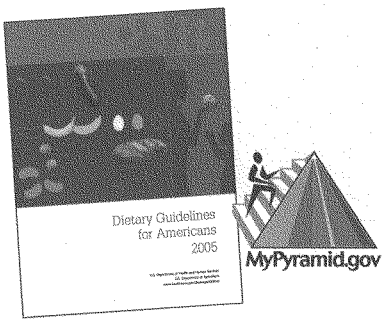
The United States Department of Agriculture's Food and Nutrition Service (FNS) administers 15 nutrition assistance programs. In Fiscal Year 2008, an estimated $750 million in Federal funds was spent providing much needed nutrition education to program participants, empowering low-income families and children to use their food benefits to make healthful food choices. States also contribute millions to support this effort. Together, we can get the most out of this investment by *maximizing our nutrition messages.*

People are bombarded by various messages every day. How can we make sure our messages are heard, remembered, and effective in compelling the families we serve to take action? We can increase the visibility and repetition of our messages by "speaking with one voice." We maximize our message impact when all FNS programs work together to deliver consistent, accurate, and consumer-tested messages. Together, we can make a greater difference.

This guide presents core nutrition messages and supporting content (e.g., bulleted tips, recipes, and stories) that are specifically designed for the low-income mothers and children participating in Federal nutrition assistance programs. These messages are based upon the *2005 Dietary Guidelines for Americans* and *MyPyramid* and support program policies and food packages.

Low-income mothers and children have guided the development of these messages—discover what they had to say about these new resources inside this publication.

We invite you to use the core nutrition messages and supporting content in your nutrition education efforts. Collaborating with others in your community to promote the core messages can take this effort to "speak with one voice" one step further. Other organizations may also be able to address broader environmental changes that make it easier for mothers and children to make healthy food choices. Inside this guide, we have provided tips for putting the core messages into practice, and we hope you'll share your ideas with us.



Message Audience

Maximizing the Message...provides you with 16 audience-tested nutrition messages, as well as supporting content, that address important diet-related behaviors influencing the health of low-income mothers and children. Specifically, core nutrition messages are provided for the following audience segments:

- Low-income mothers of preschool-age children (2- to 5-year-olds)
- Low-income mothers of elementary school-age children (6- to 10-year-olds)
- Eight- to ten-year-old children

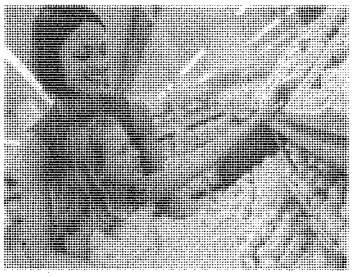


Figure A: Making a Bigger Impact—Together

Low-income mothers and their children are served by several Federal nutrition assistance programs. When these programs communicate the core nutrition messages to their participants, we can reach millions of mothers and children. The opportunity for message repetition is also greater since many moms participate or have children that participate in multiple programs. Examples of programs include:

- Supplemental Nutrition Assistance Program (SNAP)*
  In Fiscal Year 2006, 3.7 million women ages 18 to 50 lived in Food Stamp Program (FSP) households with children 3 to 10 years of age.[1]
- Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
  In Fiscal Year 2006, on average, 2.7 million children 2 to 4 years old participated in WIC each month.[2]
- National School Lunch Program (NSLP)
  In 2006, an estimated 23.7 million children were between the ages of 6 and 11 years old.[3] Most of these children were eligible to participate in the NSLP.

** Formerly known as the Food Stamp Program. The name changed on October 1, 2008.*

Behavioral Outcomes, Concepts, and Messages

Messages directed to mothers have the potential to affect what moms eat and their children's diets. Women are still the primary food shoppers and meal preparers in most households.[4] Moms are also more likely than dads to eat breakfast and dinner with their children—even in two-parent households.[5] As such, moms have the power to change what food is available in the home, how food is offered and prepared, and their children's attitudes and feelings about food.

The core nutrition messages reflect USDA's goals and guiding principles of nutrition education delivered through nutrition assistance programs. These messages can augment well-designed, theory-based initiatives that support the behavioral outcomes listed in Figure B.

Concepts for the core nutrition messages address five mediators (influences) of children's dietary behavior. For instance, messages for moms of elementary school-age children address the availability and accessibility of fruits and vegetables in the home (a mediating environmental variable).

Message concepts (and the mediating variables they are based upon) apply to constructs in theories frequently used to explain dietary behavior (e.g., self-efficacy, observational learning, social influence/support, and skill building), as well as intrapersonal, social, and physical environmental factors outlined in ecological models. In other words, the core messages address factors that influence the likelihood that children will eat fruits and vegetables, drink fat-free or low-fat milk at meals, etc. Following our example above, kids are more likely to eat fruits and vegetables when they are available and accessible in the home. Message concepts are described in the following paragraphs.

Role Modeling

These messages encourage mothers to set a good example by eating fruits and vegetables themselves. Several studies have shown that children's consumption of fruits and vegetables is correlated with parents' intake and children's attitudes about fruit.[6-9] Children are also more likely to eat new foods when they see a parent consuming them.[10]

Figure B: Behavioral Outcomes

- Mothers and their children consume recommended amounts of fruits and vegetables.
- Mothers eat and prepare foods together with their 2- to 5-year-old children more often.
- Mothers allow their 2- to 5-year-old children to decide whether and how much to eat.
- Six- to ten-year-old children consume recommended amounts of milk and milk products, choosing primarily low-fat and fat-free options.

Cooking and Eating Together
Families that eat dinner together tend to have more healthful dietary intake patterns that are higher in fruits, vegetables, and calcium and lower in saturated fat.[11-14] Eating meals together also provides opportunities for role modeling as previously explained. Some research indicates that watching television while eating together may reduce the positive effects of family meals.[15-16] Family meals may have a greater positive effect on children's diets when the meal is prepared at home.[15] Involving preschoolers in food preparation may also help make new foods more familiar and can help motivate children to try new foods.

Division of Feeding Responsibility
Messages under this concept are based upon the delineation of parent and child feeding roles where the parents decide what, when, and where foods are offered and the child decides whether and how much to eat.[17]

Research suggests that infants and very young children have the ability to self-regulate the amount of food they consume when given the opportunity.[18-27] While intake at specific meals may be erratic, caloric intake over the course of the day is relatively well regulated. However, child feeding practices (i.e., when moms are not responsive to child feeding cues) may disrupt children's abilities to eat when they are hungry and stop eating when they are full.[16, 28-30] Differences in children's abilities to self-regulate energy intake appear in preschoolers, and these differences are even more pronounced in older children.[31-34]

The amount and way that food is provided can also make a difference. Mothers may serve larger portions than their children can consume and then use pressure or coercion to get their children to eat "enough." Some research has shown that simply by serving large portions, moms may be causing children to eat more.[35-37]

Child feeding practices may also influence the development of food preferences in children. Research suggests that the use of pressure or rewards may decrease children's preferences for foods. Children may then eat less of these foods when the reward or pressure is no longer present. The number of times mothers expose children to new foods also appears to influence food preferences.[38]

Availability and Accessibility
Messages under this concept focus on increasing the availability and accessibility of fruits and vegetables at home and encouraging/motivating kids to eat them. The availability and accessibility of (i.e., ready to eat and easy to get to) fruits and vegetables has been shown to be a critical factor in the consumption of fruits and vegetables by elementary school-age children.[39-44] One study showed that accessibility is particularly important when children "dislike" fruits and vegetables.[45]

Food Preferences, Beliefs, and Asking Behaviors
Messages for 8- to 10-year-old children are designed to make fruits, vegetables, milk, and milk products more appealing to children. The messages for children complement messages for mothers, providing motivation for children to consume the fruits, vegetables, and milk products that mothers are making available and accessible in the home. By influencing children's beliefs about these foods, we can also increase the likelihood that children will ask mom to provide them. This reinforcement may further strengthen mom's commitment to making fruits, vegetables, and milk products available and accessible.[46, 47] The impact of messages designed to influence children's food preferences and food purchase requests has been seen in commercial advertising.[48] A major challenge in creating messages is that children see health issues as a distant problem and tend to base their food choices on taste, availability, and accessibility.[49] Messages that appeal to children's desires to have energy for play and sports and to "maximize their potential" are preferred.[49] Including a sense of fun, fantasy, and challenge can also help capture kids' attention and stimulate their motivation to learn.[50-53]

Figure C: FNS Core Nutrition Messages

There are 16 core nutrition messages addressing 5 concepts: 7 for mothers of preschoolers, 4 for mothers of elementary school-age children, and 5 for 8- to 10-year-old children. These messages may be used alone or with others. Consumer-tested supporting content (e.g., bulleted tips, stories, or recipes) is provided for certain messages in the Appendices.

For Mothers of Preschoolers

Role Modeling Messages*

1. They learn from watching you. Eat fruits and veggies and your kids will too.
2. They take their lead from you. Eat fruits and veggies and your kids will too.

Cooking and Eating Together Messages*

1. Cook together. Eat together. Talk together. Make mealtime a family time.
2. Make meals and memories together. It's a lesson they'll use for life.

Division of Feeding Responsibility Messages

1. Let them learn by serving themselves.
   Let your kids serve themselves at dinner. Teach them to take small amounts at first. Tell them they can get more if they're still hungry.
2. Sometimes new foods take time.
   Kids don't always take to new foods right away. Offer new fruits and veggies many times. Give them a taste at first and be patient with them.
3. Patience works better than pressure.
   Offer your children new foods. Then, let them choose how much to eat. Kids are more likely to enjoy a food when eating it is their own choice. It also helps them learn to be independent.

For Mothers of Elementary School-Age Children

Availability/Accessibility Messages

1. Want your kids to reach for a healthy snack? Make sure fruits and veggies are in reach.*
2. When they come home hungry, have fruits and veggies ready to eat.*
3. Let your kids be "produce pickers." Help them pick fruits and veggies at the store.
4. They're still growing. Help your kids grow strong. Serve fat-free or low-fat milk at meals.

For 8- to 10-Year-Old Children

Food Preference, Beliefs, and Asking Behavior Messages
Note: Milk and yogurt messages must be paired with image depicting low-fat or fat-free milk or yogurt.

1. Eat smart to play hard. Drink milk at meals.
2. Fuel up with milk at meals. And soar through your day like a rocket ship.
3. Snack like a super hero. Power up with fruit and yogurt.
4. Eat smart to play hard. Eat fruits and veggies at meals and snacks.
5. Fuel up with fruits and veggies. And soar through your day like a rocket ship.

** Consumer-tested supporting content (e.g., bulleted tips, stories, or recipes) is provided for these messages in the Appendices.*

Message Development and Testing

The audience-focused approach used in the development of the core messages included input from program stakeholders and the target audiences via focus group testing. This process helped create core nutrition messages that are:

- ***Accurate.*** All messages and supporting content are accurate and consistent with the *2005 Dietary Guidelines for Americans* and *MyPyramid.*
- ***Easy-to-read.*** Messages and supporting content are written at a 4th-5th grade reading level as determined by SMOG and Fry readability formulas. Focus group testing also explored whether participants understood messages and content.
- ***Emotionally based.*** Focus group testing explored participants' feelings about being mothers, feeding their children, and the emotionally based rewards of making changes in how and what they feed their children. This information was used in the early development of the messages to create an emotional pull that helps compel moms to take action. Later focus group testing assessed whether these messages resonated with the target audiences.

"I see my daughter peeping around the corner seeing what [I'm] eating and running in and saying, 'I want some, I want some.'"

-Mother of preschooler, Birmingham, AL

Core Messages Workgroup

A Core Nutrition Messages Workgroup consisting of experts in nutrition education, communications, and FNS programs deliberated and made recommendations regarding the behavioral focus, target audience, concepts, and scope of the core messages and supporting content. Members included representatives from:

- Food Stamp, WIC, Food Distribution, and Child Nutrition programs
- U.S. Centers for Disease Control and Prevention
- National WIC Association
- School Nutrition Association
- Food Stamp Nutrition Education implementing agencies
- Association of State & Territorial Public Health Nutrition Directors
- National Institutes of Health
- USDA Agricultural Research Service, Children's Nutrition Research Center.

Messages That Matter: What Moms and Kids Told Us in Focus Group Testing

Thirty focus groups were held in eight States between December 2007 and July 2008 to guide the development of messages and supporting content and to test final products (see Table 1 for a list of States where focus groups were held).

Table 1: Locations of Focus Groups

Phase One	Phase Two	Phase Three*
Rochester, NY	Los Angeles, CA	Raleigh, NC
Baltimore, MD	Chicago, IL	Tampa, FL
Dallas, TX	Birmingham, AL	San Antonio, TX

** Phase 3 included the testing of division of feeding responsibility messages with mothers of preschool-age children only.*

In total, 140 mothers and 73 children participated in the groups. All participants had household incomes at or below 185 percent of the Federal poverty line; over half of the households were participating or had children participating in the FSP, NSLP, and/or WIC. Refer to Table 2 for additional information about focus group participants. We learned a lot from the focus group testing—what worked and what didn't work. The findings provided in the following paragraphs explain why the core messages are worded a particular way. These insights can help you reflect the tone and spirit of the messages in other materials you may develop. Because this research was conducted among small samples of our target audiences, the findings should be viewed as instructive but not definitive.

Table 2: Demographic Information of Focus Group Participants

Moms (140 participants):	Total
Race/Ethnicity	
Black or African American	61
White or Caucasian	44
Hispanic or Latina	33
Other	2
Age	
18-34	83
35-50	57
Marital Status	
Single	57
Married	54
Separated or divorced	29
Level of Formal Education	
High school or less	50
Some college	75
College graduate	15
Employment	
Not employed	57
Employed part time	31
Employed full time	52
Participate in WIC, Free/Reduced Lunch, or FSP*	
Yes	90
No	50

Kids (73 participants):	Total
Race/Ethnicity	
Black or African American	34
White or Caucasian	22
Hispanic or Latino	16
Other	1
Gender	
Boys	35
Girls	38
Age	
8-year-olds	18
9-year-olds	30
10-year-olds	25
Grade in School	
First grade	1
Second grade	4
Third grade	29
Fourth grade	23
Fifth grade	16
Children's moms report that families participate in WIC, Free/Reduced Lunch, or FSP*	
Yes	50
No	23

** On October 1, 2008, the Food Stamp Program changed its name to the Supplemental Nutrition Assistance Program.*

General Findings

In our focus groups, mothers consistently described their lives as busy and hectic. This influenced their preference for messages and the likelihood that they would attempt the suggested behavior. Generally, moms preferred messages and supporting content that were practical and would fit into their busy schedules. For instance, moms found messages that encouraged them to offer fruits and vegetables at every meal to be unrealistic since their children were not with them at *every* meal. Moms were also less receptive to tips and activities that they felt would be too time-consuming or require a lot of cleanup. For example, moms disliked a tip on how to make "frozen banana pops" for this reason. Draft messages that had game-like associations (e.g., "follow the leader" or "make grocery shopping a fun adventure") received mixed responses from moms. For some mothers, these messages implied that kids would be running all over the store or "playing around" at mealtime.

Messages that appealed to moms tapped into their desires to teach their children new skills and to help their children have a better future. Moms also preferred tips that suggested an activity would help their children learn, have greater self-esteem, or simply make them happy.

Our research also showed that many moms of both preschool- and elementary school-age children considered canned and frozen fruits and vegetables to be less healthful (e.g., canned vegetables were too high in sodium, canned fruit had too much sugar) than fresh, and reported not purchasing them for this reason. This influenced moms' receptiveness to tips and messages, with moms disliking any tips that referenced using canned or frozen fruits and veggies for meals or snacks. Many moms reported running out of fresh fruits and vegetables between shopping trips. Based on these findings, additional information on the benefits of frozen and canned fruits and vegetables, particularly when fresh is not available, was added to the supporting content.

Discussions With Mothers of Preschool-Age Children

Role Modeling

1: They learn from watching you. Eat fruits and veggies and your kids will too.

2: They take their lead from you. Eat fruits and veggies and your kids will too.

Focus group findings indicate that mothers consider themselves to be role models for their 2- to 5-year-olds and have observed their children copying or mimicking their behavior in the past. Participants connected strongly with the "learn by watching you" and "take their lead from you" aspects of the role modeling messages, noting that they were believable and conjured up strong mother/child images.

"...I think of things my parents used to do and I think those are things I should try to do–they [kids] take their lead from you. They're very impressionable. Whatever you do, they do, too."

-Mother of preschooler, Chicago, IL

Supporting content accompanying these messages includes a brief narrative by "a mom" (see Figure D), as well as bulleted tips. Mothers connected with several phrases in the narrative and bulleted tips, particularly those that expressed moms' desires to teach their kids and help them have a healthy future.

Overall, our findings indicate that these messages and the supporting content work because they help motivate moms to be good role models in a practical way that doesn't make moms feel guilty.

> ***Cooking and Eating Together***
>
> **1:** Cook together. Eat together. Talk together. Make mealtime a family time.
>
> **2:** Make meals and memories together. It's a lesson they'll use for life.

Less than half of mothers of preschoolers in our focus groups reported eating together with their family on a regular basis. While some mothers ate breakfast or lunch with their children, dinner was the meal most frequently eaten together. On an emotional level, moms in our focus groups were engaged by the idea of mealtimes being an opportunity to create positive memories for their families and as a time for teaching their children healthy habits. Moms found the repetition of the word "together" and the use of "family time" in these messages compelling because they emphasized the shared aspects of mealtime.

"That's how we grew up...sitting at the table, but now it's different."

-Mother of preschooler, Birmingham, AL

For some mothers, these messages reminded them of their own experiences of sharing family meals and learning healthy habits from their mothers and/or grandmothers.

Supporting content related to eating together (see Appendix B, page 29) addresses issues, barriers, and motivators that emerged during early focus group testing. Moms who did not eat dinner with their children mentioned scheduling conflicts, differences in preferred eating times and locations (e.g., family members wanting to eat later or in the living room), and challenges associated with feeding their preschoolers while trying to eat their own meals. While mothers emphasized the importance of eating together as a family to talk and connect with each other, many reported watching television while eating together during mealtimes. Focus group testing of the supporting content indicated that moms particularly liked tips about focusing on each other at mealtimes and making meals a stress-free time. Moms also liked interwoven role modeling tips in this content, specifically the "eat fruits and veggies and your kids will too."

Our focus groups revealed that many moms did not currently involve their children in even the simplest food preparation activities, such as washing produce or adding ingredients. The core messages and supporting content appealed to moms because they emphasize the "teaching" and "learning" aspects of preparing foods together and the emotional benefits of such activities (see Figure E). Initially, many moms had difficulty envisioning

Figure D: Sample Narrative-Style Supporting Content on Role Modeling*

"My [illegible] is not so much. She loves to help what I do. Something she will sit for a hour she saw me eat. And I didn't even know she was watching me. So, I try to eat fruit and vegetables. That was [illegible] and then me. My [illegible] said me that [illegible] when they are young I want my child to learn to eat fruits and vegetables so she's be healthy. It makes me feel good that I'm teaching her something great and for life."

*The moment in the video that caused mothers into nodding

Figure 5: Sample Bullet-Tip Style Supporting Content on Cooking Together

Teach your kids to create healthy meals. It's a lesson they'll use for life.

- Kids like to try foods they help make. It's a great way to encourage your child to eat fruits and vegetables.
- Kids feel good about doing something "grown-up" like them and like to do. Praise their efforts. Their smiles will light up your kitchen.
- Kids love helping in the kitchen. Parents love knowing that their child is also learning skills they'll use for life. Help teach them to follow instructions, count, and measure.

Tips designed to be supporting content related to cooking and eating healthy.

"cooking" activities that 2- to 5-year-olds could do safely. The supporting content provides moms with cooking activities that are appropriate for 2- to 5-year-olds. Moms felt that these activities were not too time-consuming or too messy. Our findings indicate that moms are most skeptical about involving 2- to 3-year-olds in cooking activities. Additional hands-on activities during nutrition education classes may further help overcome this barrier.

Messages on the Division of Feeding Responsibility

Many nutrition education materials that address the division of feeding responsibility use language stating that parents and caregivers are responsible for what, when, and where a child eats and children are responsible for how much and whether they eat.[17] In our first round of focus group testing, we tested several variations of this idea, including: *"How much your child eats may not look like enough, but it probably is. Offer a variety of healthy food choices and let your child decide how much to eat. They'll eat what they need throughout the week."* The reaction from moms to these messages was strongly and consistently negative. Moms did not find these statements to be true, believable, or motivating.

"I can't trust her when she says, 'I'm all done,' because it means… 'I wanna go play.'"

-Mother of preschooler, Raleigh, NC

Based on these findings, we conducted additional focus group testing on this topic to better understand mothers' thoughts, feelings, and practices regarding various tenets of the division of feeding responsibility. These focus groups revealed that low-income mothers did not believe that their children would or could make responsible choices on their own about what to eat and how much to eat. Moms felt that their children would say "I'm full" or "all done" to try to leave the table to avoid eating foods they do not like or to play, watch television, or do something they would rather be doing other than eating.

"Even though it's a tiny little bit, well, you have to force them to eat. So if I just let them decide how much they're going to eat, they won't eat. But they're going to be hiding behind me eating something else that they can find on their own."

–Mother of preschooler, Dallas, TX

Interestingly, many moms felt that kids should not be made to "clean their plate," yet moms openly stated that they would engage in a number of child feeding practices to get their children to eat "enough." As such, messages related to not making kids eat everything on their plate may miss the mark because moms report not engaging in this particular behavior. However, they do use pressure and coercion to get their children to eat what they feel is "enough."

The "moms provide, kids decide" concept was a very new and abstract idea for most mothers. The core messages on this topic help introduce this concept in specific ways and in areas where moms are more open to change. Specifically, the messages are designed to motivate moms to let children decide how much to eat when introducing new foods and by allowing children to serve themselves. For these messages, we found that a short "hook" followed by three to four sentences of supporting text worked better than the brief messages used for the other concepts.

Letting Children Serve Themselves

Let them learn by serving themselves. Let your kids serve themselves at dinner. Teach them to take small amounts at first. Tell them they can get more if they're still hungry.

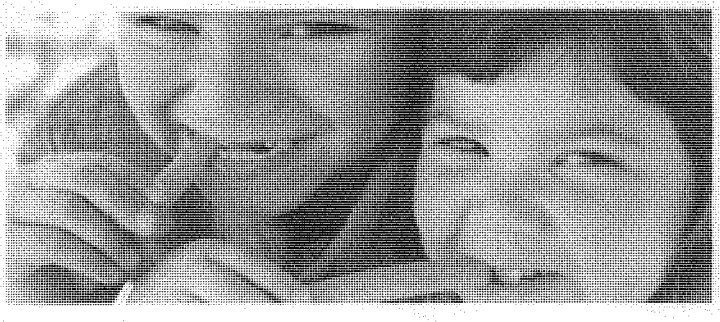
During our focus groups, few mothers allowed their preschool-age children to serve themselves. Most mothers prepared their children's plates in the kitchen and then put them on the table, serving their children portions based upon what their kids typically eat. When presented alone as part of supporting content, moms reacted negatively to the idea of letting kids serve themselves, saying that it would be too messy, unsafe (i.e., hot foods), or that their kids just weren't capable of doing so.

However, when the message was presented in the context of allowing kids to "learn by serving themselves," we saw a dramatic transformation. Moms started talking excitedly about how they would try this at home, and they saw this as a way to help their children advance developmentally.

"One of the things that I've taken out of [this discussion] is teaching my son how to serve himself so that he can learn good portion sizes and learn to become more independent. He likes to do things on his own now, and serving himself would be another milestone in growing up."

-Mother of preschooler, Tampa, FL

The words "teach" and "learn" were key motivators in this message, with moms responding well to the idea of guiding their children toward independence. Moms liked the phrase "Tell them they can get more if they're still hungry" because it made them part of the process and emphasized one of their favorite roles—teacher. Also, the ideas of practice and taking small amounts limit the chance for mess and wasted food.



Moms also were especially responsive to a portion of another draft message, and we suggest that you consider using it in supporting content: "Even your 3- to 5- year-old child can practice by serving from small bowls that you hold for them." For some mothers, this statement alleviated their concerns about children serving from a hot stove and provided a concrete and practical way that children could serve themselves.

Trying New Foods

Sometimes new foods take time. Kids don't always take to new foods right away. Offer new fruits and veggies many times. Give them a taste at first and be patient with them.

Patience works better than pressure. Offer your children new foods. Then, let them choose how much to eat. Kids are more likely to enjoy a food when eating it is their own choice. It also helps them learn to be independent.

In our early focus group testing mothers responded negatively to messages that implied that it could take up to 11 tries before a child likes a new food. Some moms thought this many repetitions suggested forcing a food on a child, while others suggested that the result was not worth the trouble. Instead of offering the same food to their children 11 times just to get them to eat it, they reasoned that there are other healthful options they can get their children to eat with less effort.

Moms were more open to messages that encouraged them to give their children many opportunities to have small tastes. The core nutrition message, "Sometimes new foods take time," worked because it reflected reality. Moms agreed that it takes patience and persistence to get a child to eat a new food. Statements like this one confirmed they were doing the right thing and encouraged them to keep trying.

Moms also reacted positively to a part of another draft message we tested: "When they develop a taste for many types of foods, it's easier to plan family meals." We suggest that you consider making this part of your supporting content.

The "Patience works better than pressure" message worked because it helped mothers feel like they are part of the learning process, even if it is something the children need to learn on their own.

Discussions With Mothers of Elementary School-Age Children

Making Fruits and Vegetables Available and Accessible in the Home

1: Want your kids to reach for a healthy snack? Make sure fruits and veggies are in reach.

2: When they come home hungry, have fruits and veggies ready to eat.

In our focus group testing, moms agreed that kids are more likely to eat foods that are visible and easy to reach. They particularly identified with the idea that kids are hungry when they get home from school and look for a snack. Moms liked that these messages reminded them of how to help their kids choose fruits and vegetables over other less healthy options. Supporting content includes a short narrative paragraph describing a mom's experience in trying to get her child to eat fruits and vegetables, bulleted tips, and recipes (Appendix C, page 31).

"When I get something that's eye level or in reach, he will pick that because he's very independent. He likes to do it himself. If it's right in front of him, that's what he's going to choose."

-Mother of elementary school-age child, Los Angeles, CA

Moms related to the idea that kids enjoy dipping vegetables and fruits into things such as fat-free ranch dressing. Many particularly liked (and thought their children would enjoy) the idea of giving yogurt dips fun names like "Swamp Slime" for lime yogurt and "Pink Princess Dip" for strawberry yogurt (Figure F).

Some mothers were apprehensive about whether their children would like dips made with yogurt or sour cream, even though most moms were enthusiastic about using low-fat ranch dressing as a dip. Likewise, some moms didn't know if their kids would like dips made with curry powder or avocado. Taste testing activities would help moms and children try out "new" recipes and increase the likelihood that they would prepare them at home.

We removed some recipes/tips from the supporting content because moms felt they would be too time-consuming, require too much cleanup, or would not be appealing to their children. These included making yogurt parfaits (e.g., layering cereal and yogurt), frozen banana pops, and frozen grapes. Moms may be more receptive to these recipes if they prepare and taste them in a class activity.

Message on Involving Kids in Shopping for Fruits and Vegetables

Let your kids be "produce pickers." Help them pick fruits and veggies at the store.

The "produce picker" message engaged moms because they have seen the truth of the statement from their own experiences. For instance, one mom said, "If you let a kid pick something out, he'll eat it." Some respondents also pointed toward the emotional rewards "produce picking" gives their children, such as building their self-esteem.

"Let them do something big," said one respondent. "They feel important, and they feel like they're doing something good for me and for themselves."

-Mother of elementary school-age child, Birmingham, AL

Some moms felt that it would be harder to engage their children in helping to pick out canned and frozen fruits and vegetables at the store because kids cannot touch and smell them. Creative ways to engage kids in selecting frozen and canned fruits and vegetables may be useful as an educational activity.

Figure F: Sample Supporting Content on Availability/Accessibility

Dip-a-Rooni!

Fruit Wands with Pink Princess Dip or "Swamp Slime"

* Put pieces of fruit on a toothpick, skewer, or straw.
* Cover with plastic wrap and store in the refrigerator until snack time.
* Serve with low-fat strawberry ("Princess Dip"), or lime yogurt ("Swamp Slime") for dipping.

Happy Snack Packs

* Fill small containers of snack bags with cut up veggies.
* Add a small container of fat-free ranch dressing for dipping.
* Decorate the outside of the bags with stickers.
* Store in the refrigerator on a shelf where they are easy for your child to see.

"Oh, that produce pickers...with them helping to pick the vegetables that they may want to eat. That might be helpful to me, instrumental with me getting him to eat more of them, if he's able to pick them out himself. I'm thinking I'm going to try anything to get him to eat more vegetables now."

-Mother of elementary school-age child, Chicago, IL

Message on Providing Low-Fat or Fat-Free Milk at Meals

1: They're still growing. Help your kids grow strong. Serve fat-free or low-fat milk at meals.

Our focus groups with moms and kids both indicated that few children consume milk at dinner. At home, milk was typically only offered at breakfast on cereal or, at times, with cookies as a snack. Many mothers felt that milk was no longer a priority now that their children were older. They noted that their children preferred other beverages or could get the calcium they need through cheese or other foods.

"Now they're older, they have choices, and they do other things to get their calcium. My kids are big cheese and yogurt eaters. So if they're not drinking the milk, I don't really care...[because] they'll get it at school, 'cause that's all they have. But, other than that, they eat other choices."

-Mother of elementary school-age child, Chicago, IL

In the core message about milk, moms readily connected with the phrase "they're still growing," which is designed to reinforce the idea that milk continues to be important in children's diets as they grow. Moms found the message call to "help your kids grow strong" to be motivating, with some reflecting on how milk was valued when they were growing up.

"That's what I was raised on. Milk helps you grow strong."

-Mother of elementary school-age child, Birmingham, AL

Responses from moms indicate that supporting content needs to convey that fat-free and low-fat milk have the "same nutrition with less fat" than whole milk. Some mothers were unclear about the nutritional differences between the types of milk available. Findings also indicate that taste tests involving fat-free, low-fat, reduced-fat, and whole milk may be needed to bolster messages encouraging mothers to serve fat-free or low-fat milk. Finally, some mothers were not receptive to messages encouraging milk for the entire family at meals since they do not like/consume milk themselves. Additional messaging research in this area is needed.

Discussions With 8- to 10-Year-Old Children

Food Preferences, Beliefs, and Asking Behaviors

- Eat smart to play hard. Drink milk at meals.
- Eat smart to play hard. Eat fruits and veggies at meals and snacks.
- Fuel up with milk at meals. And soar through your day like a rocket ship.
- Fuel up with fruits and veggies. And soar through your day like a rocket ship.
- Snack like a super hero. Power up with fruit and yogurt.

In our focus groups with 8- to 10-year-old children, kids preferred messages that melded fantasy/aspiration with the reality of being the "best you can be." These results echo findings from other researchers, indicating that this age group is motivated by the ideas of having more energy, being strong or fast, and maximizing their physical performance at play or sports.[49]

The five core nutrition messages for children utilize a rocket ship, super hero, and an "Eat smart to play hard" theme:

- The "Eat smart to play hard" messages were the most popular messages tested. Kids understood the "Eat smart to play hard" messages to mean that consuming fruits and vegetables or milk would give them strength and energy for sports and play.
- The rocket ship messages also appealed to kids. Most understood these messages to mean that fruits and vegetables or milk would help them be faster or have more energy.
- Similarly, many liked the super hero-themed message, which conjured up ideas of being big and strong.

"If you eat smart...then you can play harder and be more active, and you can do more things because you have more energy."

–Elementary school-age child, Chicago, IL

These fun themes can help you stimulate children's curiosity in related educational games, challenges, and other activities designed to motivate kids to consume more fruits and vegetables and low-fat/fat-free milk or milk products.

"I like it 'cause I actually want to soar, and I actually want to go to the moon and stuff, like an astronaut."

–Elementary school-age child, Los Angeles, CA

Messages in which milk or fruits and vegetables were the reward for performing a requested behavior were not motivating to kids. For example, the message "Remind mom which veggies are your faves, then she will know to offer them at dinner" did not test well in our groups. Kids understood the benefit of "being healthy," but it was not particularly motivating to them when presented as the only benefit.

To be consistent with the *Dietary Guidelines for Americans*, the core nutrition messages for 8- to 10-year-olds need to be paired with images depicting fat-free or low-fat milk or yogurt, when milk or yogurt appears in the text of the message. In our focus groups, kids did not understand the terms "low-fat," "fat-free," "1%," etc. Many could not identify milk products as categorized in MyPyramid. Educational activities addressing these issues would be beneficial.

Putting the Messages into Practice

The core nutrition messages are designed for use in the Federal nutrition assistance programs and to reach and resonate with low-income mothers and 8- to 10-year-old children. The messages and their supporting content are tools that can enhance theory-based interventions that:

- Address the key behavioral outcomes on page 3,
- Use motivators and reinforcements that are personally relevant to the target audience,
- Employ multiple channels of communication,
- Actively engage the participant, and
- Provide multiple exposures to the messages.

This section of *Maximizing the Message* suggests ways you can integrate the messages and supporting content into ongoing nutrition education activities. We've also included strategies for incorporating the messages into communication channels that were identified through nutrition education research, focus group discussions with moms and kids, and feedback from program stakeholders.

Connecting the Messages to Programs
The core nutrition messages support national nutrition education goals and nutrition assistance program policies such as the Food Stamp Nutrition Education Guiding Principles, Child Nutrition School Wellness Policies, WIC Program Nutrition Education Guidance and WIC's Revitalizing Quality Nutrition Services process.

Nutrition education implemented through the nutrition assistance programs utilizes a variety of educational approaches, including facilitated/participatory group discussions, anticipatory guidance, motivational interviewing, "hands-on" classes, social marketing campaigns, Web-based approaches, etc. With a little planning, you can easily incorporate the core nutrition messages into these efforts. Think of the core nutrition messages as building blocks that can enhance and add new vitality to your nutrition education efforts targeting low-income mothers and 8- to 10-year-old children.

Consider Cultural Relevance
When implementing the messages, consider cultural relevance and make adjustments as needed to make them appropriate for the population you serve. For instance, if a large portion of the population has religious beliefs or practices that preclude serving milk/milk products with certain foods at meals, supporting content can be modified to offer other approaches (e.g., serving milk at snack time instead of dinner). It will be important to test any modifications with the audience(s) to ensure they are clear and have the intended effect.

The core nutrition messages and supporting content were tested with Hispanic and non-Hispanic White and African American mothers and children who spoke English. If you wish to use the messages and content with other racial/ethnic groups or in other languages, consider conducting additional formative research to ensure that the messages are relevant, understood, and motivating to your audience. For example, the core message that encourages moms to "Let your kids be produce pickers" tested very well with moms in our focus groups. This message was overwhelmingly preferred in six groups and did not receive any negative comments from moms. Still, if your target audience is primarily migrant farm workers, we suggest you get feedback from these moms before using this message with them.

Incorporating the Messages Into Facilitated Group Discussions and Interactive Classes
You can use the core messages and related supporting content in a variety of group education settings. Here are six easy ways:

1. ***Host mom "support" groups at WIC clinics, childcare centers, libraries, and other places that low-income moms of preschoolers frequent in your community.*** Facilitate discussions on message concepts such as role modeling, eating together as a family, cooking with preschool-age children, and letting kids serve themselves at meals. Consider using the mom's story about role modeling fruit and vegetable consumption as a starting point for the discussion (Appendix A, page 28). Or ask moms about ways they are teaching their kids to become independent. Encourage moms to talk about things their children might learn at mealtimes. Hearing from other moms can empower and give less experienced moms confidence to put the behaviors into practice. Provide a take-home handout featuring the core nutrition message and supporting content to reinforce the discussion.

2. ***Provide opportunities for moms and elementary school-age kids to be "produce pickers."*** Hold events at schools, faith-based institutions, community gardens, or grocery stores that allow moms and kids to select and taste different fruits and vegetables. Emphasize how letting kids select fruits and veggies may increase their willingness to eat them. Also, highlight how the activity may help kids build new skills (e.g., kids learn how to grocery shop, identify fruits and vegetables of different colors, etc.). Follow up on your event with "Fruit or Vegetable of the Month" activities that focus on a fruit or vegetable that is in season and affordable for low-income families in your community. Suggest fun ways to inspire kids to choose frozen and canned fruits and vegetables as well.

3. ***Make your class dip-a-licious!*** Prepare and allow mothers (and their elementary school-age kids, if possible) to sample the dip recipes included in the supporting content for mothers of elementary school-age children (Appendix C, page 32). A chance to see how easy recipes are to prepare and how good they taste will enhance skill building and increase the likelihood that moms will prepare these recipes at home. Include a discussion about how moms can make veggies and small containers of dip easy for their children to "reach" for an afternoon snack. Giving the dip a fun name such as "swamp slime" or one related to the rocket ship or super hero theme can also help encourage kids to eat it (and the veggies that go with it). Invite moms to suggest fun names for the dips.

4. ***Expand a "Loving Your Family: Feeding Their Future" class series.*** Add a discussion about ways to make fruits and vegetables accessible to elementary kids as after-school snacks. Encourage moms to set goals and have them share "success" stories during the next class. *Loving Your Family*...discussion guides are available at *http://snap.nal.usda.gov.*

5. ***Encourage moms to keep milk on the table.*** Facilitate discussions with moms of elementary school-age children on kids' continued need for low-fat and fat-free milk and milk products. Specifically discuss serving low-fat or fat-free milk at dinner and limiting other beverage options. In our focus groups, few children drank milk at dinner. For those who did, milk was the only beverage option their parents provided. Hold a "milk taste challenge" to help overcome perceived taste barriers to consuming fat-free and low-fat milk. Provide parents with activity sheets for their children that are based on the core message for kids.

6. ***Use core nutrition messages with MyPyramid for Kids classroom materials on fruits and vegetables.*** These classroom materials are available at *http://teamnutrition.usda.gov/resources/mypyramidclassroom.html.* For the Vegetable Ad Campaign Activity included in Level 2, Lesson 3, ask children to create an ad campaign for a vegetable based upon the super hero, rocket ship or "Eat smart to play hard" theme. Have students use their creativity to create a poster and perhaps a TV ad—a jingle, a skit—that they can perform for the class.

Using the Messages in Counseling Sessions

Motivational Interviewing. Motivational interviewing is a counseling method that you can use to influence a mom's motivation to change her behavior.[54] Use the focus group findings presented in this guide to help you understand some of the challenges moms face when trying to change behaviors related to child feeding practices. This may help you in developing open-ended questions that identify personal challenges experienced by moms. It can also help you connect with moms during your counseling sessions. You can also use the core messages and supporting content as a reference on which to base feedback and choices for moms who are interested in ways to overcome child feeding problems. For instance, if a mom expresses a desire for ways to help her child eat more fruits and vegetables, you could ask her permission to share some of the strategies provided in the supporting content on role modeling. For more information on motivational interviewing, see the WIC Learning Online module on Motivational Interviewing under the Counseling Skills at *http://www.nal.usda.gov/wicworks/WIC_Learning_Online/index.html.*

Anticipatory Guidance. Anticipatory guidance can help moms prepare for expected physical, social, and behavioral changes during their children's current and approaching age of development.[55] You can share the core messages and supporting content with mothers to help them identify ways to help their children develop healthy eating habits. The messages address several hallmarks of preschoolers' development, including their reluctance to try new foods, desire to "do it on their own," and development of motor skills. Work with moms to identify strategies and set goals for eating together, introducing new foods, and eating fruits and vegetables.

Counseling on Food Benefits. When discussing changes to the WIC food package with participants, share how fat-free and low-fat milk have the "same nutrition but less fat" than whole milk. In our focus groups most moms did not understand the differences among fat-free, low-fat, reduced-fat, or whole milk (other than perceived taste differences and an assumption that lower fat milk was less nutritious). Moms were interested in having more information on this topic.

Enhancing or Creating a Social Marketing Campaign Featuring the Core Messages

Social marketing involves the selection of a narrowly defined target audience and involving them in the formative stages of your campaign. The focus groups conducted for the development of the core nutrition messages

can contribute to this phase of your campaign development. You can use this research and the resulting messages and supporting content to:

- Refresh current fruit and vegetable or milk/milk product promotion campaigns by incorporating core nutrition messages.
- Create a new social marketing campaign around one or more of the messages and use the related message supporting content found in the Appendices.
- Collaborate with colleagues in other nutrition programs and/or partners to get even better results.

Collaborating With Others To Maximize Message Impact

Collaborating with others in your community to promote the core messages can increase message exposure. This includes working with other nutrition education providers serving low-income mothers or kids, such as the Expanded Food and Nutrition Education Program (EFNEP). Other intermediaries, or third parties, that have connections to the same target audience can also be valuable partners. Consider collaborating with:

- Coordinators and volunteers of food banks and pantries and soup kitchens
- Pediatricians
- Teachers, principals, nurses, foodservice staff, and school wellness councils that work with schools where many kids receive free or reduced-priced lunches
- Coordinators of afterschool programs serving low-income children
- Childcare providers and Head Start teachers;
- Religious leaders and members of faith-based institutions working with low-income neighborhoods
- Managers of grocery stores and farmers' markets where SNAP and WIC participants shop
- Community garden coordinators
- Grantees and coordinators of programs that are funded to implement environmental changes that make it easier for mothers and children to make healthy food choices

Collaborating with others can increase access to the target audience, create synergy, and expand the credibility of your activities. These core nutrition messages are an opportunity to work with existing partners and to engage new ones.

- Share the messages with potential partners; explain their purpose, audience, and potential uses.
- Provide details on how you will use the messages and content in the community and offer suggestions on how you can work together.
- Share the benefits of collaboration and offer specific ways organizations and individuals can participate as full partners or as supporters, such as by:
  - Featuring articles that communicate the messages in community newsletters;
  - Including messages in educational activities for children and parents;
  - Adding messages and related content to a Web site and/or linking to the State or national Web site with information about messages; and
  - Disseminating materials conveying the messages at events.
- Conduct a seminar or training for intermediaries to acquaint them with the messages. After the presentation, discuss the messages and supporting content in small groups and brainstorm ideas for using the messages, including opportunities and barriers. Have the entire group rate and rank ideas and form a workgroup to outline ways to implement the top-ranked idea.

Picking Your Communication Outlets and Methods

Research indicates that using multiple delivery points, as well as a variety of communication tools and approaches to disseminate consistent messages to the individual, family, and community, increases the likelihood of success.[58] These methods increase the audience's exposure to the messages and the opportunity to engage them at critical decision points. Therefore, it is important to know where to reach moms and to understand communication methods that engage them. Ideally, selected channels should enable you to reach a high percentage of the target audiences repeatedly during a given period of time. Use of multiple channels also exposes mothers to messages using different methods in a variety of environments and at different times.

Learning About Your Audience/Community

Audience research and community assessment can provide insights on how to reach low-income mothers, such as where they live, work, shop, get services, and spend free time; what nutrition programs they participate in; and how they like to receive information.

Federal nutrition assistance program data can provide valuable information, such as authorized WIC and SNAP stores with high average monthly benefit redemptions, program sites serving large numbers of moms, schools with high percentages of kids receiving free meals, and childcare and after-school programs participating in the Child and Adult Care Food Program. Nutrition assistance programs may also conduct consumer surveys to get feedback on services. These may be useful in your planning, providing information on things such as Internet access, shopping habits and preferences about ways to receive information. There may also be other State and local surveys conducted in your community that include useful data about low-income moms and kids.

National surveillance data may also be useful. The Centers for Disease Control and Prevention's Behavioral Risk Factor Surveillance System *(http://www.cdc.gov/brfss/)* provides State-specific data about health-related behaviors. The United States Census Bureau provides demographic data such as age, gender, household size, and language spoken at home *(http://www.census.gov/)*.

Local nutrition educators are also valuable sources of information. They may know, or can ask, moms where they go for health information, the types of media they like, etc. Learn the primary sources of news and health information for moms (e.g., newspapers,

radio stations, etc.). Consider the types of transportation used. Could you reach moms with information in bus shelters and subway stations? Determine if their children participate in afterschool programs and, if so, where? These locations may be good sites for reaching kids and their moms.

National consumer marketing data sources can be helpful in learning more about how to reach moms and kids. For example, ConsumerStyles is a national annual mail survey conducted in June 2007 that included more than 11,750 respondents, including an oversampling of low-income households.[57] Results from the survey indicate that doctors, television, and the Internet are top sources for health and nutrition information among low-income moms of 2- to 10-year-olds.

Channels To Communicate the Messages

To support and reinforce nutrition education activities, educators use an assortment of materials, including consumer pamphlets, handouts, recipes, posters, activity sheets, school menus, newsletters, Web-based instruction, public service announcements and/or paid ads on television or radio, billboards, bus wraps, articles in community or religious bulletins, reinforcement items, and more.

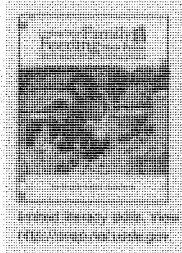
Each approach and communication method has its benefits and constraints. Make sure that the resources fit the activities and channels you use and that the costs are both affordable and allowable. Use your knowledge of the population and what works with them to guide your decisions. Program funding and guidance vary and may affect which channels you can use to reach participants. Consider the guidance from your funding agency in making final decisions.

If you plan to develop new materials, consider working with other programs and stakeholders. Partners bring expertise and resources that can result in a more comprehensive effort reaching mothers, children, and the community in a way that is more likely to get results.

Using Print Materials To Reach Moms

Brochures, posters, handouts, and other print materials are commonly used to reinforce adult counseling and educational sessions. Your choice of format will depend upon what you learned from moms about how they like to receive information, what has been effective in the past, and your budget. Consider adapting or modifying your existing nutrition education materials to include the core messages, especially if your materials already focus on one of the behaviors addressed by the core messages. Whether incorporating the core nutrition messages into existing communication activities or using them in new materials to support a campaign, it is important to communicate the information in a way that is consistent, accurate, easy to understand, appealing, and relevant to your audience. Test the material with the target audience and get input from intermediaries during development. See Figure G for an example of print materials for low-income mothers.

Figure G: FNIF Loving Your Family, Feeding Their Future Participant Materials



Ten Important Tips for Designing Print Materials for Moms:

1. The core nutrition messages contain the "emotional hook" for moms. Feature a message prominently (e.g., on the front of a brochure) to entice moms to read more.
2. Include interactive elements in brochures and handouts, such as an area for mothers to record the goal they will strive to achieve.
3. Emphasize information with bolding, arrows, boxes, or circles instead of all capital letters.
4. Make your material easier to read by using short bulleted lists (as done with the supporting content included in Appendices), short sentences, and a serif font.
5. Use left justified and right ragged margins.
6. Limit the amount of content provided. Focus on action-oriented tips and strategies that support the message and resonate best with moms.
7. Use attractive designs with similar color themes, fonts, and types of images (e.g., illustrations versus photographs, etc.) for a consistent look.
8. Use photographs or realistic line drawings that support the message and allow the target audience to "see themselves" practicing the behaviors. Test graphics with your audience to make sure they are appropriate and motivational.
9. Keep cultural relevance in mind. Test materials with your target audience.
10. Include a source to contact for more information.

Using Print Materials To Reach Kids

While many of the tips above apply to materials for kids, there are differences. Content needs to be sequential, developmentally appropriate, behaviorally focused, and interactive.[49, 58, 59] Activity sheets, interactive stories, self-assessments, and other resources that get kids actively involved and allow them to practice simple cognitive and behavior skills are engaging and support behavior change. Making materials fun and challenging can also help capture kids' attention and stimulate their motivation to learn.[50-53]

Seven Tips for Designing Print Materials for Elementary School-Age Children:

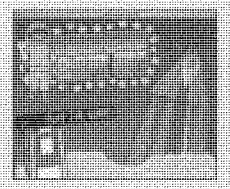
1. Keep materials simple with direct messages.
2. Integrate the theme of the message (e.g., "Eat smart to play hard") in the material design to capture kids' attention and motivate them to learn.
3. Conduct formative research periodically to make sure messages and materials are still appealing to kids. What children perceive as "cool" changes over time.
4. Provide concrete ideas rather than abstract concepts (e.g., focus on specific foods to eat rather than nutrients).
5. Include a parental component. Provide either complementary take-home materials for moms or include activities that kids can do with their moms.
6. Use engaging pictures. In our focus groups, kids said that they wanted "action-oriented" images. For example, kids wanted images of a super hero flying through the air or children playing a sport ("playing hard") such as soccer or baseball.
7. Include interactive components such as puzzles, challenges, and games.

Using Technology To Reach Moms and Kids
Many of the moms in our focus groups reported using the Internet as a primary source of information on nutrition and health. The 2007 ConsumerStyles survey also found that 40 percent of low-income moms go to Web sites first when looking for health and nutrition information.[57] Over 60 percent of moms also reported using e-mail regularly, but most did not use blogs (i.e., online journals about specific topics). The 2003 Census data indicates that even among family households with incomes below $25,000, 31 percent had Internet access.[60] Children who do not have Internet access at home may have it at school.[61] Overall, kids 9 to 11 years old now use computers and the Internet to play games, send e-mail, and even do homework.[57] Formative research with your audience can tell you more about moms' and kids' use of technology and factors associated with using it for message delivery (e.g., use of high-speed Internet access,[62] frequency of interruptions in service, etc.).

Realizing that moms and kids may be using technology in some specific ways (i.e., e-mail for moms, games and homework for kids as discussed earlier), it is one possible way to disseminate nutrition messages and related content. Depending on resources, Web activities could range from messages on an existing Web site to developing a Web-based activity for moms and kids. Some specific ways technology could be used include:

- ***Reach moms through Web sites and e-mail.*** Consider ways you are already using the Web to communicate with moms and kids. Are there areas where you can insert these messages? For instance, e-mails and other electronic communications can include short articles that convey a message and tips from the supporting content. Provide ideas for involving children in meal preparation with the related messages and a Dip-a-licious recipe as a "topic of the month" in e-newsletters for moms.
- ***Display messages digitally.*** Use digital frames, computer monitors, message boards, and digital advertising displays to display the core messages in waiting rooms, subway tunnels, cafeterias, and more.
- ***Issue an online competition for kids.*** Kids prefer computer games that allow them to be part of the story.[63] Encourage children to become their own super hero by tracking how many fruits and vegetables they eat each day or how much milk they drink. Children can log in the numbers each day or week, selecting a "super hero" name for themselves along the way. Like with video games, children can view the top scorers by "super hero" name to compare their progress to their peers. Depending on your resources, the activity could be designed and maintained through your facility, a partner, or perhaps a local university's digital media or elementary education department.
- ***Tap into children's game time.*** Consider developing educational Web activities that feature core nutrition messages. Work with an animation designer to bring the rocket ship theme into your existing Web site (or partner Web sites). Create activities children can do with their parents, such as helping their moms create a grocery list or searching for healthy recipes online.

Figure 11: MyPyramid Blast Off Game



The MyPyramid Blast Off game provides an example of how an interactive computer game with fantasy elements can help motivate children to make healthy food choices. Visit the resource at http://www.mypyramid.gov/kids/blastoff.html.

Evaluating Your Activities

The core nutrition messages and content have been developed as tools to help change certain behaviors among the target audiences. The developmental process involved **formative evaluation** procedures designed to capture information about the audience and input from them to formulate messages that resonate and motivate them to take action. As you implement these messages, it may be useful to get feedback from participating moms on the messages and your approach. If you develop new or adapt current activities to include the messages, conduct additional formative research with your target audiences. Likewise, evaluation is essential during subsequent stages (i.e., during implementation and at the end of the intervention) to document the effect and provide information to improve future efforts.

Process Evaluation is a useful tool for monitoring and can identify areas that require a mid-point adjustment. It includes such measures as tracking the number of people reached, number of times messages and materials reach the target audience(s), locations or places that moms and kids were exposed to the messages, the service provider involved, resources and training needed by educators, barriers and facilitators, etc. Process evaluation provides valuable information about key elements of the projects that may help to explain the results of an impact evaluation.

Outcome Evaluation demonstrates changes that occur in the presence of an intervention but do not establish a cause-and-effect conclusion. It shows how well the program has met its communication objectives and potential ways to make it more effective.

Impact Evaluation indicates how effective the intervention was in changing the target population's attitudes, awareness, and/or behaviors. Although impact evaluation is highly valued, conducting this type of evaluation may be complex, time-consuming, and resource-intensive.

The type of evaluation will depend on funding, staff time and expertise, time available for the evaluation phase, etc. It is important to evaluate since the results can provide you with solid evidence to share with your colleagues and managers. Evaluation also helps quantify how your work affects low-income mothers and children and can help justify continued intervention.

When planning your intervention consider the following:

- What are your objectives?
- What evaluation approach/method should you use?

- What do you want to measure and what questions do you want to address? (Note: when deciding what to measure, think about what will be important to your organization's leaders and your overall program objectives. Consider asking partners, for instance, what they would consider as successful).
- What approach do you want to use to conduct the evaluation? How will you collect the data you are measuring? What is the scope and design? Will you build in a comparison group?
- What timeframe have you set for completing the evaluation? What plans do you have for using and disseminating the results?
- What resources do you have for the evaluation?

The following resources provide additional guidance for developing evaluation plans:

- Nutrition Education: Principles of Sound Impact Evaluation *www.fns.usda.gov/oane/menu/Published/NutritionEducation/Files/EvaluationPrinciples.pdf*
- Evaluating Social Marketing in Nutrition: A Resource Manual *www.fns.usda.gov/oane/MENU/Published/NutritionEducation/Files/evalman-2.PDF*
- The National Cancer Institute's *Pink Book—Making Health Communication Programs Work* provides examples of evaluations and related tools. To learn more visit *www.cancer.gov/pinkbook/page8*.

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Appendix A

The following content supports core nutrition messages on role modeling and offers mothers additional tips, strategies, and encouragement to facilitate behavior change. Content is provided in the form of a narrative story by a mother of a preschooler and as short bulleted lists. This content reflects tips, strategies, and language that resonated with mothers during our focus group testing. See the section of this guide on "Putting the Messages Into Practice" (page 16) for ideas on how to incorporate the messages and supporting content into your nutrition education activities.

Role Modeling

Message 1: They learn from watching you. Eat fruits and veggies and your kids will too.
Message 2: They take their lead from you. Eat fruits and veggies and your kids will too.

Narrative-Style Content:

"My 3-year-old picks up on so much. She loves to copy what I do. Sometimes she will ask for a food she saw me eat. And I didn't even know she was watching me! So, I try to eat fruits and vegetables. That way she'll want them too. My doctor told me that kids learn eating habits when they are young. I want my child to learn to eat fruits and vegetables so she'll be healthy. It makes me feel good that I'm teaching her something she'll use for life."

Bulleted Tip Style Content:

How can I help my child eat more fruits and vegetables?

- ***Eat together.*** Let your child see you enjoying fruits and vegetables at meals and snacks.
- ***Take it with you.*** Show your child how whole fruit is a great snack to eat at the park or in the shopping mall. Put apples, oranges, or bananas in your bag for quick snacks.
- ***Share the adventure.*** Try new fruits and vegetables together.
- ***Fix them together.*** Teach your child to tear lettuce or add veggie toppings to pizza.

Why does it matter what I do?

- ***They learn by watching you.*** Kids get curious when they see you eating fruits or vegetables. Before you know it, they'll want to taste what you are having.
- ***You teach them lessons they'll use for life.*** It's normal for 2- to 5-year-olds to be "picky" eaters. Help them increase the types of fruits and vegetables they like by setting a good example.

What kinds should we eat?

- Fresh, frozen, and canned fruits and vegetables are all smart choices. Buy some of each to last until your next shopping trip.
  - Frozen vegetables have as many vitamins and minerals as fresh. Choose packages that contain vegetables and nothing else—no added fat, salt, or sugars.
  - Buy canned fruits that are packed in "100% juice" or water.
  - Rinse canned beans and vegetables with cold water to make them lower in salt.
  - Look for canned vegetables that say "No added salt" on the front of the can. Buy them when they go on sale.
- Cooked vegetables or ripe fruits that are cut into small pieces are easy for your child to eat.
- Cut whole grapes and cherry tomatoes into smaller pieces to prevent choking.

Appendix

The following content supports core nutrition messages on cooking and eating together and offers mothers additional tips, strategies, and encouragement to facilitate behavior change. Content is provided in the form of short bulleted lists. This content reflects tips, strategies, and language that resonated with mothers during our focus group testing. See the section of this guide on "Putting the Messages Into Practice" (page 16) for ideas on how to incorporate the messages and supporting content into your nutrition education activities.

Cooking and Eating Together

Message 1: Cook together. Eat together. Talk together. Make mealtime a family time.
Message 2: Make meals and memories together. It's a lesson that's use for life.

Bulleted Tip Style Content (Eating Together)

It takes a little work to bring everyone together for meals. But it's worth it and the whole family eats better.

- Start eating meals together as a family when your kids are young. This way, it becomes a habit.
- Plan when you will eat together as a family. Write it on your calendar.
- You may not be able to eat together every day. Try to have family meals at least four times a week.

How to make family meals happy:

- Focus on the meal and each other. Turn off the television. Take phone calls later.
- Talk about fun and happy things. Try to make meals a stress-free time.
- Encourage your child to try foods, but don't lecture or force your child to eat.

Feed family meals:

- Cook it fast on busy nights. Try stir-fried meat and vegetables, quick tacos, or sandwiches.
- Do some tasks the day before. Wash and cut vegetables to make a fruit salad. Cook lean ground beef or chicken for tomorrow or one week ahead. Have everything in the fridge ready to use.
- Find quick and easy recipes that don't need a lot to make or even the cook you believe you can handle easily enough.

Text Box Style Content (Eating Together)

Talk to me!
What made you feel really happy today?
What did you have to eat at lunch today?
What's your favorite veggie? Why?
Tell me one thing you learned today.
What made you laugh today?

Outlined Tip Style Content (Cooking Together):

Teach your kids to create healthy meals. It's a lesson they'll use for life.

- Kids like to try tasks they feel adult. It's a great way to encourage your child to eat fruits and vegetables.
- Kids feel good about doing something "grown-up." Give them small jobs to do. Praise their efforts. They soon will sign up your kitchen.
- Kids love helping in the kitchen. Parents have knowing that their child is also learning skills they'll use for life. Help teach them to follow instructions, count, and read.

Prepare fruits and veggies together.

- Children learn about fruits and vegetables when they help make them. And all of that stirring, chopping, and measuring makes them want to taste what they are making. It's a great time for talking your "picky eater" to try fruits and vegetables.

On busy weeknights...

- Cooking together can make more "memory and time" time on busy days. Ask your child to help with easy tasks, like adding veggie toppings to a cheese pizza.
- Let your child choose which veggies to add to soup. Only an adult should heat and mix the soup.
- Make sandwiches together.

Make some meals special.

- Have a salad bar dinner and set out many green, red, yellow, and orange fruits and vegetables you can include in your salad.
- Name a food your child helps create. Make a big deal of serving "Kevin's Salad" or "Cheryl's Bread Pudding" for dinner.
- Try a "Make Your Own" night. Let your family get together to cook each have, sandwiches, pizza, or salad. Place the ingredients within easy reach and let the fun begin.

Text Box Style Content (Cooking Together):

Cooking Activities by Age

2 years old:

- Make "tracks" out of pieces of fruits and vegetables.
- Scrub vegetables or fruits.
- Tear lettuce or greens.
- Break green beans.

3 years old:

- Add ingredients.
- Mix.
- Spread peanut butter or other spreads.
- Shake a drink in a sealed container.
- Knead bread dough.

4- to 5-year-olds:

- Peel some fruits and vegetables like bananas.
- Peel hard boiled eggs.
- Cut soft fruits with a plastic knife. Only adults should use sharp knives.
- Wipe off counters.
- Wash soft fruits, vegetables, and beans.
- Measure dry ingredients.
- Measure liquids with help.

Availability

The following content supports core nutrition messages on making fruits and vegetables available and accessible for children to eat and offers mothers additional tips, strategies, and encouragement to facilitate behavior change. Content is provided in the form of a narrative story by a mother of an elementary school-age child, short bulleted lists, and recipes. This content reflects tips, strategies, and language that resonated with mothers during our focus group testing. See the section of this guide on "Putting the Messages Into Practice" (page 16) for ideas on how to incorporate the messages and supporting content into your nutrition education activities.

Availability/Accessibility

Message 1: Want your kids to reach for a healthy snack? Make sure fruits and veggies are in reach.
Message 2: When they come home hungry, have fruits and veggies ready to eat.

Narrative-Style Content:

"I'm hungry." That's the first thing my kids say when they come through the door. I need something to feed them—fast. Sometimes they go to the kitchen and get their own snacks. I found that when I put fruits and vegetables in a place where my kids can see them—they eat them. Now I keep cut up veggies on a low shelf in the fridge and a bowl of fresh fruit on the counter. When I don't have fresh fruits and veggies, I use canned or frozen. It takes a little planning, but it's worth it. I know fruits and vegetables help them stay healthy.

Bulleted Tip Style Content:

Make Fruits and Veggies Easy To See
- Keep a bowl of washed fresh fruits on the kitchen table.
- Put washed and cut fruits and vegetables on a shelf in your refrigerator where your child can see them.

Make-Ahead Fruit and Veggie Snacks From the Fridge
- Toss veggies with cooked pasta and fat-free Italian dressing.
- Slice apples. Dip them in pineapple or orange juice to keep them from turning brown. Store apples in plastic snack bags or covered bowls in the fridge.
- Kids love to dip fresh veggies in low-fat ranch dressing. Cut up veggies. Store them near the dip on a low shelf in the fridge.

Recipe-Style Content:

Dip-a-licious!

Fruit Wands with Pink Princess Dip or "Swamp Slime"
Put pieces of fruit on a toothpick, skewer, or straw.
Cover with plastic wrap and store in the refrigerator until snack time.
Serve with low-fat strawberry (Princess Dip) or lime yogurt (Swamp Slime) for dipping.

Happy Snack Packs
Fill small containers or snack bags with cut-up veggies.
Add a small container of fat-free ranch dressing for dipping.
Decorate the outside of the bags with stickers.
Store in the refrigerator on a shelf where they are easy for your child to see.

Dip Your Favorite Veggies In These Tasty Dips
(1 serving is 2 tablespoons of dip)

Honey-Mustard Dipping Sauce
1/4 cup fat-free plain yogurt
1/4 cup low-fat sour cream
2 teaspoons honey
2 teaspoons spicy brown mustard
Mix all ingredients together. Store in a covered container in the refrigerator.
Makes 4 servings.

Curry Dip
1 cup fat-free sour cream
1 cup of fat-free plain yogurt
1 tablespoon curry powder
Mix all ingredients together. Store in a covered container in the refrigerator.
Makes 16 servings.

Avocado Dip
2 medium ripe avocados
1 tablespoon lemon juice
¼ cup salsa
1/8 teaspoon salt
Peel and chop avocados. Toss avocado with lemon juice in small bowl. Add salsa and salt. Mash with a fork. Cover and store in the refrigerator. Makes 12 servings.

Acknowledgements:
Honey Mustard Dipping Sauce adapted from the Centers for Disease Control and Prevention's Trees in a Broccoli Forest recipe at *http://www.fruitsandveggiesmatter.gov/downloads/kids_fv_tips.pdf*. Curry Dip adapted from: Pennsylvania Nutrition Education Network Website Recipes as presented on the SNAP-Ed Connection Recipe Finder *http://recipefinder.nal.usda.gov/index.php?mode=display&rec_id=444*

Ms. DELAURO. Mr. Kingston.

Mr. KINGSTON. Dr. Brownell, just to jump on that last statement because I think that moves in the direction I wanted to ask you about, in terms of you said you just can't get there when you are offering this stuff, they are maybe going to choose something less nutritious. In your testimony you said that maybe you could give a bonus for people on SNAP to buy certain foods in the right direction. But why not just eliminate some of this stuff, based on your statement which I tend to agree with, why not just say this stuff you can't do?

Mr. BROWNELL. I am totally in favor of what you just said.

Mr. KINGSTON. And then, Ms. Parker, why not say to a school 75 percent of your food has to be Tier I. Right now is there a split between Tier I and Tier II, a quota split?

Ms. PARKER. No. What is recommended in the standards is that during the school day for all levels of schools that the Tier I is what is in place, and then after school for high school students Tier II can be allowed. The reason is to provide in a school setting the best options for kids. That is sort of based on the way the committee approached the task in the beginning as what are the best foods we can offer children and what are the foods that will be most likely to represent what we want children to be eating. And the thinking being from the evidence we know, they are not getting enough fruits, vegetables, whole grains, low fat dairy, and so forth.

Mr. KINGSTON. Well, in terms of the big picture what is the split between Tier I and Tier II consumption, in the mega picture?

Ms. PARKER. First of all, these standards are not in place right now. It is recommendations.

Ms. DELAURO. It is a recommendation.

Mr. KINGSTON. But we don't know what the split is.

Ms. PARKER. If you were to look across the country, nobody has done—well, there are some national it analyses, the HHS has looked through their school health survey, they have some sense of what is out there. And I suspect that what is out there is probably the opposite. Kelly, you may have——

Mr. BROWNELL. It is highly variable from school district to school district and even from State to State.

OVERPAYMENTS IN SCHOOL MEAL PROGRAMS

Mr. KINGSTON. That may be some data that we need to get.

Another thing this committee has worked on is trying to merge the Department of Education physical ed requirements with the USDA nutrition requirements and we put in some report language in our bill last year. A lot of that stuff kind of got caught in the CR process. I am not sure what survived or what did not, but we are aware of that and interested in that. And so any recommendations you may have are certainly welcome.

But I wanted to ask Mr. O'Connor a question. In terms of last year there was an audit that said 8, almost 9 percent of the funds were improperly applied. $860 million, I think that is what it was for the school year 2005 and 2006. What has the USDA done to address that?

Mr. O'CONNOR. We will be looking at that in the upcoming months. We have child nutrition reauthorization coming of course,

and I have to defer to Secretary Vilsack on that in terms of what is going to be put forth and whatever. But it is a difficult situation. We know that there are tradeoffs that the schools have in terms of the burdens that they put on people in order to be applying for the school lunches. There are burdens that get put on them in terms of policing them.

Having said that, those are not excuses for those kinds of issues and stuff. We are taking it very seriously. We want to take an aggressive stance in terms of trying to deal with the issues, but we have to do it in consonance with the realities of what happens in the local areas and stuff.

[The information follows:]

FNS has worked closely with the Office of Management and Budget, Congress, the States, schools, and advocacy partners for two decades to gain a better understanding of erroneous payments in the school meals programs, and to develop and implement initiatives to address them. The Child Nutrition and WIC Reauthorization Act of 2004 provided a number of tools to strengthen the certification process.

To complement the tools Congress provided, FNS has taken a number of actions to improve oversight and technical assistance, including:

- Required annual training for schools on certification and accountability issues.
- Issued a revised Eligibility Manual which contains information on determining students' eligibility for free and reduced price meals.
- Trained over 500 State and Federal reviewers on the Coordinated Review Effort process and forms to ensure that performance standards related to meal counting and claiming and serving reimbursable meals are met.
- Released applications for Direct Certification/Verification grant funding in FY 2008. These grants are available to State agencies to assist in the implementation of mandatory direct certification, direct verification and other provisions of P.L. 108-265 related to determining eligibility to receive benefits in the National School Lunch and Breakfast Programs.
- FNS has also conducted the following to collect and disseminate program data to inform policy development and support program oversight:
  - Initiated an annual measure of administrative errors in the certification process in school year 2004-2005;
  - As early as the 1990s, tested alternative approaches to the existing school meals certification and verification processes to assess their impact on accuracy and program access;
  - Highlighted the results of the data collections at numerous briefings with State and Federal partners and Congressional staff;
  - Published the Access, Participation, Eligibility and Certification (APEC) study, which provides the first comprehensive national estimate of erroneous school meal payments; and
  - Published the second annual report, Accuracy of School Food Authority Processing of School Lunch Applications – Regional Office Review of Applications in October 2008.

Going forward, FNS expects to expand training, technical assistance, and other efforts to reduce payment errors that result from operational problems. Planned efforts include:

- Continued work with the National Food Service Management Institute to provide Web-based training to States and schools on certification and other accountability issues. The first of three training modules was released earlier this year, and the remaining two will be completed by the end of 2009.

- Emphasizing to State agencies that annual verification data must be used to ensure that corrective action is taken by school districts to address error rates.

- Pending the availability of funds, FNS will continue the APEC study, which would enable FNS to estimate and measure changes in erroneous payments over time, and would help inform FNS, Congress, the States, and advocacy partners on the development of additional guidance, training, and policy options.

We anticipate the upcoming reauthorization of the Child Nutrition Programs will provide an opportunity to consider other measures for reducing erroneous payments in the program, and we are actively considering options which support this goal while preserving access to the program for low-income families.

Mr. KINGSTON. There was a Senate hearing about it recently, correct? I don't know if you attended that.

Mr. O'CONNOR. I did not.

Mr. KINGSTON. They actually had that study which was done in April of 2008 that showed some of the money, the school's reimbursement rate was higher than their cost. And it might be two different things, because the 860 million was an improper payment. And then the other issue was the reimbursement to schools was higher, and you have seen that chart. But the mean cost was $2.36 and the reimbursement rate was $2.51.

And I am out of time, but I would like, maybe we will get back to that today, but if not, for the record.

[The information from USDA follows:]

Federal reimbursements are one of several important sources of funding for school meals programs. These payments cover the cost of meals provided free to the lowest-income children, and portions of the cost for other meals. Remaining revenues are provided by families in the form of cash payments for meals and other foods, and through State and local contributions. USDA's most recent data indicate that Federal reimbursements represented just over half of all food service revenue in school year 2005–2006.

USDA conducts a periodic study of the costs and revenues to schools that participate in school meals programs, to estimate the cost of producing meals and the ability of schools to cover these costs. Data from USDA's latest study shows that in school year 2005–2006:

- On average, school food service revenue was adequate to cover total reported operational costs. School food authorities are required to manage on a non-profit basis; most operated at a break-even level.
- The Federal subsidy ($2.50, including cash and commodities) for a free lunch exceeded the average reported cost ($2.28). The reported cost of producing a lunch was less than the free subsidy in four out of five school districts; in the rest (typically smaller ones), the cost exceeded the subsidy.
- Virtually all schools charge families less for a full price meal than the Federal government provides for a free meal. Even when factoring in the limited reimbursement that USDA provides for these "paid" meals, schools collect only about 80 percent of the revenue that they get for free meals—about 40 cents less per meal.

Ms. DELAURO. Mr. Farr.

CONSOLIDATING SCHOOL NUTRITION PROGRAMS

Mr. FARR. Thank you much, Madam Chair. I want to congratulate you on having this hearing. I hope we will have more because I think this issue is too important for our Nation.

I represent the salad bowl capital of the world, the Salinas Valley, and I have been through a lot of the schools in that district. I am just appalled at how little of the discussion here in Washington in hearings like this, which I believe have become just academic discussions, really have anything to do with what is happening on the school grounds. And what I have seen is that it has been a dream for Americans to make sure that no child goes hungry and that we have good nutritional programs. But in the process of getting there we probably have created the biggest bureaucracy in the Federal Government in the child feeding program.

Many of my schools tell me that 80 percent of the cost of the programs is administration. If we had that in Social Security, we would have 4 out of $5 in Social Security just in administrative costs alone. It has turned into a nightmare. We don't even have programs, school nutritional programs. There is not such thing. What we have in the schools are the School Lunch Program, the

School Breakfast Program, the Child and Adult Care Program, the Summer Food Service Program, Special Milk Program, After School Breakfast Program, Fresh Fruit and Vegetables Snack Program. Every one of those programs is administered in a different silo.

In some cases you can qualify for many of them. But in most cases you have to not only qualify to be in the program but each program monitors whether each day you come and take that meal and if you ate that meal, sort of a point of sale requirement. The data and the computers that schools have had to buy just to account for that, rather than just feeding poor kids, it is just appalling.

And then what we find is that in some of our schools they don't have kitchens, as they used to when we were little kids and they made the food right there. They have these centers, or areas called pack-out kitchens. And those pack-out kitchens receive commodities. Now schools are not preparing them, so it is no good getting a big bag of wheat or big bag of corn. What these schools do is they go through these processors to process that and give them products they consume which essentially are packaged. And guess what happens in the process? Sugar and salt are added. So many of these schools don't have anything added; they may get an apple on the plate but the rest of it is all packaged and comes from commodities, excess commodities which we in this program alone spend $638 million, buying soybeans, wheat corn, rice, the commodities, and distributing them to the schools. And most of those pack-out kitchens are in urban schools and in our poorer schools.

So what I am shocked at is that nobody in all these years has come to Congress and said, you have built a can of worms here, this is nuts.

And I want to thank you for your 30 years of service, Mr. O'Connor, but I am just really surprised to hear we are going to go reauthorization, we reauthorized the same old stuff, we are destined for just failure. Because if all this money is being spent on people rather than on food and we are not spending it on the poor people, we are spending it on just hiring staff and accounting.

So my question to you is instead of operating six separate feeding programs in schools, can't we just boil that into one program called school nutrition program? And then take all your other programs, your food stamp program and your other programs you administer in that, the special supplemental, the WIC program, commodities assistance account, things like that, all those that are under food nutrition, and move those into a community nutrition program and cut out so much bureaucracy and start direct certification of children. We are doing that in California. We are told that we can't use the Medicare tapes. If we could do that, some of my schools in the direct certification, the direct certification is giving them names of children who qualify for the program but whose parents have not entered into it, many times because they can't speak English or they don't know how to fill out the forms.

Why are we trying to pedal this program as being an effective program when we have such a nightmarish administration?

Mr. O'CONNOR. You put me in an awkward position, Mr. Farr. I understand. I think the root answer or the answer to what you are talking about really comes down to just making some funda-

mental policy calls that Secretary Vilsack is going to have to be taking a look at. I do know that the issue of having programs that overlap and are competing, or whatever, is throughout this area as well as some other areas and stuff.

Mr. FARR. Isn't it true that all those programs could be in the same school on the same day and each one of them has to be accounted for differently?

Mr. O'CONNOR. I don't know that they are all in the same school.

Mr. FARR. They could be.

Mr. O'CONNOR. Oh, could they be? I think there could be a lot more coordination between them, yes, for sure. There would have to be changes in legislation.

Mr. FARR. Who makes those recommendations? Does the Department come forward in the reauthorization and say let's roll this stuff into one and start using the smart data we have? We can check every single person that is getting on an airplane in this country and we do, every single person. And we know whether that person is qualified to get on that airplane based on our background check. And if they don't or are not qualified, then we don't see them and they don't get on the plane. Now if we can do that for every single traveler in this country, we certainly ought to be able to pick out the poor children in the country, we have the data on it.

Mr. O'CONNOR. The requirements for participation in some of the programs that you are talking about are different from one another.

Mr. FARR. Why?

Mr. O'CONNOR. Excuse me?

Mr. FARR. Why? It is about feeding kids. We don't check those kids when they get on the bus in the morning as to a means test. We don't check those kids when they go into the school library and check out a book, but damn it, if you are going into a cafeteria you have to be pulled out. I'm sorry, you don't qualify, you can't eat this meal. Do you know what the teachers do or the administrators do? They take the money out of their pocket. It is just nuts. We have gotten into a class system in our School Lunch Program. And if you wanted to, why haven't we even implemented the USDA's and even update the Web site to reflect the changes the Congress made in the 2008 Farm Bill that will provide $1.2 billion in mandatory money over the next year for fruits and vegetables? When is that Web site going to be updated?

Mr. O'CONNOR. I will have to get back to you on that, Mr. Farr. I am sorry.

[The information follows:]

The Farm Bill Web site within the USDA Web site provides information that summarize the fruit and vegetable provisions of the Farm Bill. This information is provided at *http://www.usda.gov/wps/portal/Farmbill2008.*

Mr. FARR. Well, I am really hopeful, Madam Chair, that we can begin delving into, because this is the fiscal committee, and when you look at it, to have all of these programs called child nutrition, most of them in schools, I am sure that the WIC Program, the one for Child and Adult Care Food Program might be better in a community service, but we have requirements that—for example, the breakfast program has very poor attendance. Why kids don't get up

early, go to a cafeteria before they go to a class. We don't even do that here in Congress. Most of us go right to our hearings. So if we just change the policy that you could have that snack in the classroom, you would have a lot more consumers of the food than having them go through the cafeteria before they go to their classroom.

I think if we move to this direct certification and required all States to implement a program like that, one, we would have a much better accountability and we wouldn't have to get rid of this paper trail. And in some cases we have to just assume that if a kid is hungry and needs food that they ought to be able to get it. So I am really concerned about these good recommendations.

The commodity programs alone, of which we slough off all this excess to the schools and gets into these, in some cases this is all the food the kids get. So if you had your test that every child in the school nutrition program get access to leafy greens and to fruits and vegetables, the answer is no, only some schools do. And so by just piling on more here in Washington ain't going to get it done in the street. We have to start tackling this problem by assessing the nutritional value school site by school site. Until we do that, we are wasting a hell of a lot of money on trying to manage this program.

That is my two cents, and then I have got to go to California to get some fresh fruits and vegetables.

FRUITS AND VEGETABLES IN THE NUTRITION ASSISTANCE PROGRAMS

Ms. DELAURO. Thank you very much, Mr. Farr. And just so that our panelists know, this is obviously an issue that Mr. Farr is deeply passionate about. There isn't a hearing in which the whole issue of the nutrition programs he doesn't focus on. We are going to take a trip to the Department of Defense and to see those commodities, and see what we have, and see what is going to folks besides the fruits and vegetables which is a good piece, but we also want to take a look at what was purchased in the final days last year of the final administration, and what kind of product was purchased and what it means in terms of its nutritional value.

I would just say that Secretary Vilsack will be here next week so that we will have an opportunity to talk with him about these issues. Do you want a final comment?

Mr. FARR. If you could have for Secretary Vilsack next week within this program, the Child Nutrition Program, of the amount of money specifically that just goes for food purchase?

Mr. O'CONNOR. Sure. We can try to do that, yes.

Mr. FARR. Not administrative costs, just food purchase.

[The information from USDA follows:]

Of the roughly $13.4 billion in mandatory funds available for Child Nutrition Programs in fiscal year 2007, about $13.2 billion was for food purchases and $163 million (1.2 percent) was provided for State Administrative Expenses. The administrative funds are used by State agencies to manage the program, rather than to support operations by schools and other local services providers. Federal support for local administrative and other labor costs is provided thorough per meal reimbursements. Program operators' primary responsibility is to provide nutritious meals in a fully accountable manner given the revenues available to them from student fees, USDA reimbursements and other sources. Within this mandate, they have considerable flexibility in how Federal funds are used. The latest study of meal costs in the school meals programs found that administrative labor—including planning, budg-

eting, and management for the foodservice program, and other non-production activities such as maintenance of foodservice equipment—accounted for less than 15 percent of total reported costs in 9 out of 10 school food authorities, with an average of about 8 percent in School Year 2005–06.

COMPETITIVE FOODS

Ms. DELAURO. Okay.

Let me pick up on this competitive foods issue if I might, because IOM released a report in 2007 and it talked about the competition with the breakfast and the lunch program. And so we have a number of schools who don't regulate the nutrition quality of the foods that are offered through these avenues.

Mr. O'Connor, based on those IOM recommendations, and it is a recommendation, what changes has the Department made in response to them? While we can regulate the nutrition standards that are required through a federally reimbursable school nutrition programs, and, Jack, I will just say to you that we can make a determination of what goes into that basket if you will. What are we doing about what should the competitive foods that are offered in school; should we make competitive foods the rules mandatory in your view or should we leave it to the school districts to decide? And I say, Mr. Brownell, your testimony says that USDA uses old standards to define permissible competitive foods. What I would want to ask you then, what do you mean by this? But should we mandate on the competitive foods?

Mr. O'CONNOR. I hate to sound like a broken record.

Ms. DELAURO. You are going to tell me that the Secretary has to answer that question.

Mr. O'CONNOR. I feel like I have to have a prepared statement and read it each time. Those really are policy questions that I think answers will be revealed when you are able to speak with the Secretary about that.

Ms. DELAURO. And I will just say in regard to the Department, and this is about 3 decades ago because I think this is important to note, the Department tried to ban chips, cookies, and soft drinks from schools, but they were thwarted by the courts and by food companies. So that speaks volumes to me about what kind of direction that we need to try to go in.

I spoke to, I told you, to the Department of Education to the Secretary today, he banned those products in the Chicago schools. He said he took a lot of heat for it, and he also felt that he was looking at revenue that was coming into the schools and shutting it off. But the tradeoff he felt was worth it to do that, but he was concerned about the revenue that he was leaving behind. Now that is an issue for how much we are funding our schools and what we are doing, which is not the subject today.

Dr. Brownell, again there are actually two things. You said USDA uses old standards to define permissible competitive foods. You also say about the Child and Adult Care Food Program that existing standards within the CACFP permits the use of meals of poor nutrient quality. And if you could just respond, just comment.

Mr. BROWNELL. Well, for example, according to the current USDA recommendations, there are things not allowed in schools that are irrelevant, like cotton candy and breath mints, but things that are allowed in schools like candy, french fries, chips, snack

cakes, and the like. So that obviously is an aberration and should be changed around. The IOM has good standards; it makes sense to adopt those.

So I think there are good standards around, you can use common sense to make half of these calls and probably get by just fine. But one thing I would like to make a point of is that if we consider schools a place that are a safe environment for our children, that we then we have to consider nutrition safety, not with tainted food as much as just poor nutritional quality food. So we would find that the role of government to step in and be aggressive if the air in the schools is making kids sick or if they were exposed to lead paint and that was making—well, the foods are making them sick. And so in the call of the safety of schools, when parents let their children go to schools, they turn them over with the assumption that they are going to be treated in a safe and hospitable way. With the food system that we have now, that is not the case necessarily. It is all the more reason for change.

Ms. DELAURO. Mr. O'Connor, those recommendations Ms. Parker came out in 2007.

Ms. PARKER. The IOM report came out in April 2007.

Ms. DELAURO. Was there anything done with those recommendations vis-a-vis the—I mean it is 2009 and I understand we have a new Secretary, but they have been around since April of 2007. Was there anything done with that material? Any conversations about how to take those recommendations and put them to some practice?

Mr. O'CONNOR. The view that we had of the recommendations is that they are sound recommendations and from a good source. They need to be taken into consideration as we move into child nutrition reauthorization, and that is where we were at that point.

I think that one of the things that you point out when you were talking with the Secretary of Education is that when he was in Chicago he was able to take action in Chicago in order to make some of the changes that you are talking about here. And I think that very much this can be looked at as a local issue. You know, not totally but localities do have the opportunity to be able to put things in place at this point in time. That doesn't mean that there isn't going to be a look taken at the recommendation from the IOM as we move forward into the reauthorization process.

Ms. DELAURO. I would just say in response to that that just shifting it over to be a local issue—I think Dr. Brownell made a point. If we were to discover that the air filtration systems—or lead paint, let's talk about lead paint. Let's talk about a whole variety of areas in which we have come to conclude that we put the public health in serious jeopardy. We are talking about regulating tobacco. We have 400,000 people every year who die from some tobacco-related illness. After all these years we decided we had to do something about that.

I always go back to my example here. We had 3,000 people who died on September 11th. They just got up and went to work. It was through no fault of their own. We have people being sick and ultimately who are put in great risk in the hundreds and hundreds of thousands every year, but we don't feel we need to go to war on those issues. We need to go to war on those issues. My own view

is that the Federal Government does have a role and a responsibility in this effort. If we just leave it—and quite frankly, a lot of the industry has had great sway in these areas about what is going on in terms of the nutritional quality of our foods and what we are serving and what our commodities are, et cetera. It is about what is in bulk. And what is in bulk may not be what is of the best nutritional value for youngsters, and seniors for that matter at the other end of the scale. That is good for their health. And what is happening? They are getting sick and we are faced with illnesses that are costing millions and millions of dollars and putting people's lives at risk.

So you know, I think there is a role for the Federal Government. And my hope is that—I am not going to lay this at your doorstep, we have a new Secretary. Quite frankly, we couldn't get to first base in the last go round for the last 8 years. I am hopeful and optimistic that there is a new environment and we can get more than to first base but that he can we can hit a home run where it comes to the nutritional quality of our food in our programs that we have jurisdiction over. I am not talking about what they sell in other places. We have jurisdiction over these programs, and we have a responsibility that goes along with that.

Mr. Kingston.

ORGANIC FOODS

Mr. KINGSTON. Thank you, Madam Chair.

Dr. Brownell, I wanted to ask you the cold hard science of organic food, which isn't always what is in the marketplace, but in your group are you guys studying the true advantage of organic or disadvantage? It is sexier to have organic fruits and vegetables compared to canned or frozen, but is the science sound?

Mr. BROWNELL. It depends on the aim of using the organic foods. If the aim is to decrease the environmental footprint of raising the food, then organic foods tend to be better choices than the other ones, because there aren't the fertilizers, the pesticides and things like that that you develop with fossil fuels and things. In terms of the nutrition, which I think is probably what you are asking about, it is not studied well enough to really know how much better, if any better, the organic foods are.

There is some research I have seen recently by a researcher named Davis in Texas about declining nutrients in foods. And he has published what I find pretty persuasive evidence that—like a carrot is no longer a carrot. A carrot has less nutrients in it than it used to have. You would have to eat even more of it now than you would have before to get the same nutrients. Now there could be contrary evidence, this is in horticulture journals and things that I don't follow very well, but that is my understanding that that occurred.

Now, it is possible that the organic foods help compensate for some of that and have a higher nutrient profile, but I don't know if there is enough science on that.

OBESITY AND SCHOOL NUTRITION PROGRAMS

Mr. KINGSTON. Ms. Parker, I wanted to ask you in terms of the obesity rate if we look at—and I am trying to get the numbers to-

gether, but the creation of Federal programs on nutrition and obesity compared to the increase in obesity, they haven't done a good job of reducing obesity if that is their purpose. But a lot of it does have to do with after school snacks and uncontrolled variables. Do we have any studies at all that can show that nutrition consumed at school isn't the problem, whether it be in the Tier II versus Tier I world, which I understand is still just a discussion matter, but is the real problem after school on their own, weekends? Do you know?

Ms. PARKER. I don't think the literature is there to really make those kinds of distinctions, but certainly what children eat is not just what they eat at school for school lunch and breakfast, it is also everything else they eat at school and then everything else they eat everywhere else they eat.

Mr. KINGSTON. It would be nearly impossible to figure out?

Ms. PARKER. Well, there might be a way of making some estimations, but I don't think the literature is there or studies have been designed yet that I know about to be able to do that.

But would it be okay for me to comment for a minute on something else you raised earlier?

Mr. KINGSTON. No.

SNAP PURCHASES

Ms. PARKER. This I am speaking from a personal perspective now, not from an Institute of Medicine because we don't have a study on this one, but I just wanted to raise a caution about prohibiting totally certain foods in the food stamp shopper's diet and what they are able to purchase with food stamps.

I am basing this more on earlier work I have done through any career working with low income families, and these are cautions. We really need to look at, first of all, what is available to low income families in their communities because many communities—I think until recently Detroit didn't even have a supermarket if you can imagine that. It is kind of stunning to think that that is the case. But that leads not only to the issue of availability, but it also leads to the issue of cost and how much things cost.

Also I think looking at families, I have seen how people plan. If they have very low incomes, which often food stamp recipients do because that is part of their eligibility, they have to plan very carefully. People send their kids to their sister's house once a week to eat, they have gardens and they go to food pantries and food banks. So they have lots of sources of food that they sort of have to patch together to have enough. And so thinking about that in terms of what one does related to the food stamp program, it is important to sort of understand the realities of that and how any proposal you make could affect that.

And then finally I am thinking about especially now with people losing their jobs and probably more people going on food stamps, all of this becomes more important and the embarrassment that people feel when they go up to the counter to buy their food and some food they can buy and some they can't. This would be a very complicated matter. Now that we have the cash register set up it makes it easier in some cases, but for families figuring out what you are allowed and not allowed, talk about embarrassment. I can

just see people who recently lost their jobs through no fault of their own are put in a very embarrassing situation.

We just got these EBT cards now to make everything work better, to reduce problems with the program, and this may add in more problems. So I am just saying in thinking through these issues we have to think about the situations and the families and try to figure out what works best for the whole situation.

Mr. KINGSTON. Thank you.

Ms. DELAURO. If I might just on that note, Jack, because I know you would by interested in this, when we were working on the Farm Bill and looking at increasing the maximum benefit on food stamps, and after 30 years we went from $10 to $14 and then I mean $134 to $144. What I found in looking through studies and also in clips and so forth that what happens in terms of that planning process is at the beginning of the month families are buying milk and eggs and juice and more nutritious foods. When you get to the end of the month you are trying to figure out how to feed the family. What fills the bellies of kids? Soda, you are looking at junk food. It really is, you can see the patterns and trends because this is what it is. And fruits and vegetables some of the highest cost foods so that they cannot afford that. They are not wanting to buy that, but look hey, you are going to the supermarket your kid says, I want a bag of potato chips, you may do that, but for a regular diet they have some real constraints around that dollar amount, again once at the beginning and at the end, which makes it very, very difficult, including what you are saying.

We have got people now going to food banks who have lost their jobs through no fault of their own—I won't forget this quote. This gentleman had a job in manufacturing, he lost his job. He said, I felt like a low life, I felt humiliated to go to the food pantry to be able to get food, but I had to do it because I have to feed my kids because of the stigma that is attached with what we do.

Mr. KINGSTON. I want to make a motion that you can continue without me.

Ms. DELAURO. Thank you very much, very much, Jack. We need usually two members here because I have several more questions.

The other thing you should know about Mr. Kingston, who talked about the whole issue of physical exercise and making sure that physical education is a part of our school curriculum, it is very, very important and he has fought for those programs, because it is not just the food side of it but the physical and activity side as well. So he is a big champion of those efforts.

Mr. KINGSTON. Rode my bike today to work 10 miles. It was freezing for a Georgia boy.

IOM NUTRITION STANDARDS

Ms. DELAURO. Mr. O'Connor, the Institute of Medicine is currently developing recommendations for revising the nutrition standards and the meal requirements for School Lunch and Breakfast Programs, and that is based on the *2005 Dietary Guidelines*. As I understand, the report is due this year, in December?

Mr. O'CONNOR. I believe it is October.

Ms. DELAURO. October, okay. Very good.

Mr. O'CONNOR. I hope I am right.

Ms. DELAURO. It took almost 2 years from the time that the WIC IOM study was published to get an interim rule out of the Department and another 2 years before the States were mandated to implement the changes. How long will it be before we get the revisions to nutrition standards and meal requirements implemented in the schools?

Mr. O'CONNOR. Our best guess is it may take as long as 3 years. I would hope that we would be able to get the regulation out based on those standards faster than we were able to do that with WIC. But there is going to have to be some lead time for the schools to be able to implement the changes.

Having said that, that doesn't mean that some schools may not be able to implement sooner. Some schools may be meeting those requirements by the time we get a rule out or whatever. But the rule itself, best guess might be about 3 years to total implementation.

Ms. DELAURO. Why?

Mr. O'CONNOR. It is a long process. There is going to be a need for public comment. You can imagine that the changes that this may be putting in place for localities, there will be a lot of folks who want to have something to say about that. We are going to want to listen to the comments. And then there is time that the school is going to need in order to be able to change what it is that they finally put in place.

Ms. DELAURO. Currently guidance to schools and child and adult care centers are that they must meet the minimum Federal nutrition standards. What are those currently and how many schools are meeting those minimum standards now?

Mr. O'CONNOR. I don't know that offhand. We can get that for you.

[The information follows:]

The current standards for the National School Lunch Program (NSLP) and the School Breakfast Program (SBP) were adopted as part of the 1995 School Meals Initiative for Healthy Children. The standards for food energy (calories) and major nutrients reflect the legislative requirement that NSLP meals provide 1/3 and that SBP meals provide 1/4 of the recommended dietary allowances. Quantitative standards are in place for a short list of nutrients which serve as a proxy for the long list of nutrients needed by children. These are:

Lunch	
Food energy (calories)	One-third of the 1989 Recommended Energy Allowance
Protein, vitamins A and C, Calcium, and iron	One-third of the 1989 Recommended Dietary Allowance
Breakfast	
Food energy (calories)	One-fourth of the 1989 Recommended Energy Allowance
Protein, vitamins A and C, Calcium, and iron	One-fourth of the 1989 Recommended Dietary Allowance

In addition, reflecting the *1995 Dietary Guidelines for Americans*, both NSLP meals and SBP meals must provide no more than 30 percent of total calories from fat and less than 10 percent of total calories from saturated fat.

At lunch, 71 percent of schools offered meals that met the requirement for food energy. More than 85 percent of schools offered lunches that met the standards for key nutrients on average over a typical week. At breakfast, 23 percent of schools offered meals that met the energy standard; 90 percent of schools offered meals that met the standards for key nutrients.

At lunch, 19 percent of schools offered meals that met the total fat standard and 28 percent met the saturated fat standard. At breakfast, 88 percent of schools met the total fat standard and 75 percent met the saturated fat standard.

Few schools (6 to 7 percent) offered lunches that met *all* of the current standards.

In 2008, the Food and Nutrition Service contracted with the Institute of Medicine (IOM) to provide recommendations for updating the meal patterns and nutrient standards for NSLP, SBP and the Child and Adult Care Food Program (CACFP). The recommendations for school meals will be available in December 2009 and the recommendations for CACFP about one year later. Our plan is issue proposed rules based on the IOM recommendations, obtain public comments, and issue implementing regulations to update program standards based on the best available science.

CHILD NUTRITION REAUTHORIZATION

Ms. DELAURO. Let me ask the panel a question here. We do have the child nutrition reauthorization coming out. I think that this is really incredible that we have the child nutrition reauthorization coming out before the IOM is scheduled to release the study.

How will we know what the reimbursement rate should be to provide a revised nutrition standard and meal requirement recommendations? Does anyone know what a nutritious meal will cost? How does that translate into budgetary resources needed to enact these changes? The School Nutrition Association says the schools need a $0.30 increase just to break even. If the new meal requirements would require doubling the reimbursement rates needed to provide from, let's say, $2.57 for a free lunch to around $5, what is the amount to implement that change? Is the Administration asking for adequate resources to be able to make these changes?

Mr. O'CONNOR. The same answer as before. I am sorry about that.

Ms. DELAURO. I don't understand how we can move to restore this bill without having the data and the basis on which to have good information in order to make the right, in order to make the right decisions. Sometimes the public wonders what we do here. I am wondering what we are doing here in this regard. Let me ask. I don't know if you had any other comments.

Mr. O'CONNOR. Not right now.

Ms. DELAURO. Mr. Brownell, Ms. Parker.

Mr. BROWNELL. I don't have any particular insight on that issue.

Ms. PARKER. No, I don't.

Ms. DELAURO. Is there a need to increase the reimbursement rate? Do you have a view on that?

Mr. O'CONNOR. We have done a study on the reimbursement rate, and it doesn't—it is not conclusive that the schools have an inadequate reimbursement rate right now.

Ms. DELAURO. It is not conclusive that they have an inadequate, did you say, or an adequate? Say that again.

Mr. O'CONNOR. Let me see how many negatives I can put into a sentence. I confuse even myself. The study shows that the current reimbursement rates look as though they exceed the cost of providing meals. It is a very complex situation, though, when you are looking at all of the different kinds of meals that are provided to different folks, whether they are getting free, reduced, or full priced meals or what not in the schools. But I know that there are many in the schools community that think that the reimbursement rate does need to be raised. That is something that, again, we are taking a look at, and we are cognizant of.

FOOD MARKETING TO CHILDREN

Ms. DELAURO. Let me ask a—I thought about this, just asked this or offered it in my opening remarks, which is, given the amount of money that the industry spends on advertising to children, can we succeed in behavioral change given that marketing and their advertising? I mean, are we on a fool's errand?

Dr. Brownell. Ms. Parker.

Mr. BROWNELL. We are very committed to the topic of food marketing, especially directed at children. And the amount is staggering. And not only is the amount staggering, but the types of marketing that gets done are quite different than what used to be the case. Parents used to be in a better position to monitor what children are being exposed to. But now children will get advertisements on their cell phones. The industry can spend money much more effectively these days. Instead of a blunt instrument, like a television, now that costs a lot, a cost that goes to people that may or may not be interested. You have Internet games that children go visit on the Web, where a child, instead of seeing a 15 second commercial on television, could be there for 30 minutes pushing cookies around the screen or sugared cereals around the screen. And so the marketing is becoming much more difficult to even measure, much less do something about. But we believe that something has to be done to curtail that or else it is hard to believe that almost anything else could have an impact because the industry can undo it so quickly.

Ms. DELAURO. What are your proposals in that area? Have you done work on that?

I don't know, Dr. Brownell, if you get the advantage of that information.

Mr. BROWNELL. We have been funded by the Robert Wood Johnson Foundation to do studies on food marketing to document how much of it there is. And then our center at Yale was very committed to having three things occur with that information. One is to help change public opinion so people realize what the full landscape of marketing is. And we believe they have to get mad about it in order to justify action that gets taken.

The second arena is legislative action that can be taken to curtail this. And there is a historic thing with the FTC that comes into play here. Restoring their powers to monitor this would probably be a good move.

And then the third thing is the law. The First Amendment, of course, protects the ability to use commercial speech. But there are some potential ways around that if you can prove that the marketing is unfair and deceptive. And then that gets into consumer protection law that gets administered by state. So we do believe there are some opportunities to make changes here, but we really need to know the landscape first, we will know that soon, and then I think we can get some action on it.

Ms. DELAURO. I would love to be in touch with you about that. I think other members of the committee would as well in terms of how we can work at this issue. As I say, we had some opportunities with tobacco. A number of us did a lot of work on the underaged drinking and what we do there. But let's continue that conversation.

Ms. Parker.

Ms. PARKER. Well, the Institute of Medicine, 3 years ago, I think it was, did a report on food marketing to children and made recommendations. And I would be glad to get that to you.

Ms. DELAURO. Please.

Ms. PARKER. Because I think you would find it very interesting. And the one thing I would—and very much that report makes rec-

ommendations about changes in food marketing to children also. But I don't think we should find ourselves in total despair. There are many children who are eating well, and there are many programs that are making changes in the way children consume food. But certainly this is a major impediment.

Ms. DELAURO. You are right. Look, in the fruit and vegetable program, the Defense Department has that, but an agency is doing that. We increased the funding in the Farm Bill for that effort. I go to schools all of the time, and you see youngsters, and you ask them, what is your favorite fruit? And they say kiwi. I say, well, hell, I didn't know what a kiwi was, you know. Or what is your favorite vegetable? It is an artichoke. Those I knew from my own background, my own cultural background with artichokes. But.

I was talking to a colleague today, Marion Berry, who is from Arkansas, and he was talking about the same program, because we were talking about this hearing. And he said to me, the problem is, Rosa, he said, when they talk to you about kiwi and pineapple, then they can't get it, in other words, because the store does it or it is priced out of the market for them. But they get it in school, but they can't do that. You are right, it is not a question of despairing; it is a question of figuring out where we are and where we need to try to go in that. But I think we have to think about what kind of controls and enforcement that we need to do.

My understanding is I do have a couple of colleagues coming back, but I will continue to proceed.

WELLNESS POLICIES

Mr. O'Connor, I guess it may be in the purview of the Department of Education for the development of local wellness policies. That is not in your jurisdiction. The local wellness policies in school is in your jurisdiction.

Mr. O'CONNOR. Right.

Ms. DELAURO. So I have a question there, which is, 2004, in that Reauthorization Act, required schools to develop a local wellness policy. That is for healthy school nutrition, environments, reducing child obesity, preventing diet-related chronic diseases. Some school districts have created strong community wellness committees that are engaged in promoting nutrition education, physical activity and nutrition guidelines. Unfortunately, we have got many that have not implemented these are the strong programs. What are you doing? What can we do here to strengthen this? Again, is this someplace where you think we have to mandate the effort here in terms of a wellness program?

Mr. O'CONNOR. Well, we do have a mandate for wellness programs to be in the schools. But what we don't have are——

Ms. DELAURO. So there is a mandate to the school to have to do it.

Mr. O'CONNOR. Yes.

Ms. DELAURO. Okay. How many schools have them?

Mr. O'CONNOR. As far as we know, they should all have them.

Ms. DELAURO. No, no, no, no, "should" is not "do." How many have them?

Mr. O'CONNOR. I don't know the answer to that. What we have is the requirement that they have wellness policies. What we don't

have the authority to do is to require what is in those wellness policies, in the wellness programs. So that is why you end up with somewhat of a mixed bag when you are going to go out to the schools. You see some that are strong, some that are less strong.

Ms. DELAURO. But I would think, in 2004, in a piece of legislation, we mandated that schools have to have a wellness program. Now, that is like we do with FDA. You have got to come up with a plan to—or USDA to look at what your safety system is, your HACCP plan, what is that. And then we have to figure out a way of monitoring that plan. So what is the mechanism in place. The basic question, Mr. O'Connor, is that is a tabulation, you know. Show us your wellness plan, and then we can calculate how many we have or we don't have in terms of the mandate. That is not what is in it, that is a separate issue. But is there somewhere—there has got to be somewhere in the agency that somebody can provide us with an answer of how many schools have a wellness program in place.

Mr. O'CONNOR. I can try to find out.

Ms. DELAURO. It sounds to me like we don't have a number.

Mr. O'CONNOR. I don't know the answer to that, I am sorry.

[The information follows:]

The local school wellness policy requirement was established by the Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108–265). The law specified that the Secretary of Agriculture provide information and technical assistance to local educational agencies, school food authorities, and State educational agencies upon request and for guidance purposes only. Wellness policies are developed at the district level and implementation occurs at the school level. The Department does not have the authority to issue regulations or provide oversight for locally developed wellness policies.

While USDA does not collect data on implementation of the local wellness policy requirement, other national non-governmental organizations are gathering information on local wellness policies. The Robert Wood Johnson Foundation has supported research on this topic, including the Bridging the Gap Project. According to preliminary data (unweighted and cross-sectional) from this nationally representative sample of 579 local education agencies, in School Year 2007–2008, 90.5 percent of local education agencies that participated in the National School Lunch Program said that they had a wellness policy and 9.5 percent said they did not have a wellness policy.

Ms. DELAURO. Okay. Then we have to deal with the substance of it which is what is important.

Mr. O'CONNOR. Exactly.

Ms. DELAURO. Which is what is important. What are the methodologies that you have to look at those, to analyze them, to get some sense if it is very good, very bad, nada, zero, what is your capacity.

Mr. O'CONNOR. The capacity that we have is small at this point in terms of the resources that we have. But what we don't have, again, is the authority to regulate anyway in terms of what the content of those wellness programs should be. That is not an excuse to not know what they are and whatever.

Ms. DELAURO. And I know this is going to be at the purview of the Secretary, but I am going to ask the Secretary, and I am sure you are all going to go back and talk to the Secretary, which is fine, you should; I have a lot of confidence in the Secretary. But should we force school districts to take it seriously and to do something about mandating and dealing with the content of the program?

Dr. Brownell.

Mr. BROWNELL. My understanding of the 2004 requirement is that schools have a policy, not a program. And some of those—so that means a document basically that says, here is where the school wellness policy is. That doesn't necessarily translate into doing anything about it.

And so there were sample policies going around. Some school districts just cut and pasted the template, and that became their policy, and then it went into a drawer. Other schools took it much more seriously. So as I mentioned when I was making my comments funded by the Robert Wood Johnson Foundation, our colleagues at the Rudd Center have done a detailed analysis of school wellness policies in Connecticut, and we will be happy to share that information with you.

Ms. DELAURO. Please.

Mr. BROWNELL. And what we found is the schools for the most part have complied with a need to have a policy. But whether that turns into anything tangible by the way of programs varies tremendously from place to place.

Ms. DELAURO. How should we address that? Let me ask you what you think.

Mr. BROWNELL. Require programs in addition to policies. My understanding of the way the legislation got crafted is that the people who proposed the legislation weren't able to get programs mandated so the political compromise was to get a policy mandated. And that is not a bad first step. In fact, we find that some schools actually, because of the process of establishing a policy, do implement programs. So that was a worthwhile enterprise. But to get it done more uniformly would require some kind of mandate.

Ms. DELAURO. Ms. Parker.

Ms. PARKER. I was just going to suggest that there are some national organizations that have looked at this issue that you may want to look. The School Nutrition Association did a national survey on wellness policies, as did the American Dietetic Association. So there are some resources out there to sort of get a sense of what is happening, which might inform whatever the committee decides to do about it.

Mr. BROWNELL. The other thing that we have developed that may be helpful is my colleagues have developed a tool for assessing the strength of school wellness policies, a measurement tool that has now been validated. So should the USDA decide that they would like to do some uniform assessment across the country, that tool might be a helpful resource.

ENVIRONMENTAL ISSUES

Ms. DELAURO. Okay. Let me, on the issue of the environment I guess there was something that I read, I guess, in the, it must be the food stamp, nutrition and the education. It said that the scope, that the environmental issues are beyond the scope of the food stamp program in essence. I think that is what I discerned from the, if you can find it, Leslie, you know where it is, the guiding principles there. I think it is page 4 of the guiding principles that I read this on.

But my point is here, because, Dr. Brownell, you have talked about environmental issues.

Ms. Parker, you have talked about that. How do we connect these issues in your view with looking at—it is a difficult issue. This is a complex issue. How do we do that within like a Farm Bill that we deal with, within the USDA? You have to help us because we don't have—how do we manage that in terms of what we are trying to do and to accomplish when there are lots of bigger issues around some of these environmental questions? Do you have any thoughts about it?

Mr. O'CONNOR. So by environmental questions, do you mean the impact of food production on the environment?

Ms. DELAURO. I am talking about—what I thought it was is the environmental issues that are outside the scope of the program. How do we look at those things to make it manageable in terms of what we do so that we can be attentive to those environmental issues as we are looking at public policy in terms of food nutrition?

Mr. BROWNELL. Well, one thing that would potentially be helpful would be to do an examination of the impact of USDA policies, agriculture policies, on the environment. Now, depending on who you talk to, the food production, that is the raising of beef, let's say, is either the first or second greatest contributor to global warming. And most people don't realize this, but the production, the modern food production with heavy use of fossil-based fuels for pesticides, hormones and the like; the raising of beef, which is a highly inefficient process for a variety of reasons, is having a very bad impact on the environment. And again, there are different estimates of how bad, but I think most environmental experts would agree it is very bad.

And so some people say that the number one thing you could do to improve the environment personally is to have different driving habits; drive a different car, et cetera, drive less. But the second thing you could do is eat less beef. So when it comes to these sort of things, one sees a very tight link between decisions people are making about their food, and that is driven a lot by agriculture policies and nutrition policies in the country, the cost of food, food industry behavior and all these sort of things, it has a big impact on people's health in two ways: One is the nutrition that they are getting from it, but the other is the impact on the environment that affects their health in a different way.

And there aren't many people who are connecting these pieces of the puzzle, and I think it is highly important to do so. And that is why one of the comments that I suggested was creating a commission that would look simultaneously at hunger, obesity, and the impact of food on the environment to find win-win-win possibilities.

Ms. DELAURO. You talked, Ms. Parker, a lot about some of the social marketing and other kind of behavioral things in terms of that environment. How would we manage some of those efforts?

Ms. PARKER. Well, I was just imagining the situation that you are describing is that you, perhaps you have a group of women together and you are working with them on nutrition education issues and food purchasing and cooking, and then they go out to their neighborhood to do what you have suggested that they do. And they go to their grocery store. Maybe there is no grocery store to go to. Maybe it is just a small corner store that has very little food in it. Maybe they go to the grocery store, and there is 30 per-

cent fat beef, but not—or maybe there is not skim milk or maybe not sufficient. Maybe the corner store doesn't carry skim milk. So there has to be some change that occurs in the neighborhood so that those mothers can actually do what you have suggested that they do. Or in the school setting that you tell the kids to eat certain kinds of foods, but they are not available to eat. Or you tell them they should be physically active, but the physical education program isn't there.

So what it really gets down to is, who has a responsibility to change that environment so that people can act on the things they learn about what is good for us in terms of nutrition and physical activity? And the reality is that lots of people a have responsibility. Local government has certain responsibilities and powers. State government can make changes. Federal Government can make changes. Resources have to be made available. In some cases, policies need to be changed. And in fact, in our two reports about obesity, "Healthy Balance" and "The Progress in Preventing Obesity," which we would be glad to share with you, and we have report briefs from those, we really go into detail about what each of those levels of government and what each of those stakeholders, what roles they can play in changing that environment. Because, for example, in Pennsylvania, the State government has made available resources to help bring grocery stores into communities. In other States, physical education has been made mandatory so that it is available to children in schools. So we need to really be thinking.

And that is what you were thinking about at your level of course, but at every level, what needs to happen to change the environmental conditions in which people are living that make it sometimes impossible to act on the very things we are telling them to do. And so there are just a number of ways in which we can proceed in this area. But I think recognizing that it is not just nutrition education; it is not just personal responsibility; but you can't carry out your personal responsibility if the environment hasn't changed. And individuals can help that to change, but they also need assistance from local health departments, local government, State and Federal Government. And industry, too, has a role to play in changing the products that they produce. So all of those pieces can make a difference.

HEALTHY INCENTIVES PILOT

Ms. DELAURO. Let me just—I have a couple more. I think my colleague, Ms. Kaptur, is coming back, but you have been wonderfully patient. And I know one of the issues that Ms. Kaptur cares about is the purchase of local foods, whether it is through USDA, DOD, schools, care providers, going beyond this geographic preference thing. So I will mention this. The Administration has proposed previously a pilot obesity initiative that calls for competitive grants to develop and test ways of addressing obesity in low-income populations with evaluation of the results. Can you tell us a little bit about this initiative?

Mr. O'CONNOR. We have a—I believe what you are referring to, we call it HIP. It is taking a look at what incentives can we put in place at the point of sale in order to incentivize people or encour-

age them to be able to purchase more fruits and vegetables. The number of——

Ms. DELAURO. Where are you implementing that program?

Mr. O'CONNOR. We haven't implemented it yet. We have been going through a process of trying to decide what are the interventions that we want to be able to test. And it is quite complicated to figure out what is the right incentive and how would you give people those incentives, how large should they be, those kinds of efforts. We are looking to be able to get that off the ground this coming fall. So we are moving quite—there are a lot of factors.

Ms. DELAURO. Off the ground in deciding what those incentives should be and where you are going to go with it, is that right, where it is going to be implemented?

Mr. O'CONNOR. We will be seeking applications this fall to actually put those into place.

Ms. DELAURO. I see. With the criteria in place.

Mr. O'CONNOR. Right.

[The information follows:]

In October 2008, FNS held a public symposium on the Healthy Incentives Pilot (HIP), convening stakeholders, researchers and technical experts from various fields related to the HIP initiative. Participants represented the food retail industry, electronic benefit transfer companies, nutrition educators, commercial organizations with experience delivering product incentives in retail settings, and researchers with experience evaluating healthy eating promotions. While the symposium provided the substantial information, there was no consensus on several key questions FNS posed to participants. Areas requiring further examination include the form, size and delivery of the incentive; as well as significant features of the evaluation. In a response to the wide range of views expressed, FNS followed up with additional contacts to key stakeholders, including other USDA and Department of Health and Human Services agencies, the National Cancer Institute, and multiple professional associations. The goal of these follow-up activities is to identify the trade-offs associated with alternative choices and cost estimates for different options. A Web site is being created and will be implemented in mid-April 2009 for interested parties to check the status of HIP activities.

FNS is on track to meet the following timeline for the HIP:

Fiscal Year 2009—Complete a very thorough planning process to ensure that all research and expert input has been fully vetted and considered for the pilot design and evaluation scope. During this time, FNS will also develop independent solicitations for the evaluation and pilot projects and advertise for proposals.

Fiscal Year 2010—Make competitive awards for the pilot sites and evaluation contractor and initiate activities to implement the pilots and the evaluation process.

Fiscal Year 2011 and beyond—Begin pilot operations and continue evaluation activities.

SNAP PAYMENT FREQUENCY

Ms. DELAURO. There was a suggestion or recommendation for looking at the, again, the nutritional foods that, and we had this conversation a little bit ago about the food stamp moneys given out on a monthly basis, if you will. But foods purchased through the food stamp program, including providing biweekly benefits rather than monthly so families are not running out of the benefits by the end of the month, what are the impediments or the benefits of implementing biweekly benefits, point-of-sale incentives or these other kinds of improvements that we can look at by way of improving the nutritional quality in the program.

Let me start with you Mr. O'Connor. Then I will yield to Ms. Kaptur.

Mr. O'CONNOR. One impediment is that the Farm Bill prohibited it.

Ms. DELAURO. Prohibited the bimonthly.

Mr. O'CONNOR. Right. And one of the things that you get into is there is an added cost to be able to do that. And so that has to be taken into consideration as well. And also I think, from the experience that I have had with the SNAP program, with the food stamp program, the benefits are really a supplement to help people be able to purchase a nutritional food that they need for the entire month. If we split that benefit up, we are splitting the supplement up. There is an expectation, except for those people who are getting 100 percent of the benefit or whatever, there is an expectation that they are contributing towards the purchase of food themselves, so it could just be deferring how that budgeting happens in the household. So there are a number of factors that come into play on that.

Ms. DELAURO. Comments?

Mr. BROWNELL. Yes, quickly. A lot of the questions that you raise are easily testable and could be tested in a very short period of time if the money were available and there were some mandate for this. So if the USDA had a granting process, and perhaps they do that I am not aware of, specifically around this concept of how can we improve nutrition through these programs by systematically manipulating these various pieces of them, then you could have an answer pretty quickly about what would most help and what the costs would be. That can be done quite readily I would think. The question is, what would the update be? How quickly could it be implemented in policy? And I know less about that. But the studies wouldn't be very hard to do.

Ms. DELAURO. Well, we should talk about that.

Ms. Parker.

Ms. PARKER. Again, this is not as an OIM witness, but rather from my personal experience. It goes back again to the situation in the household. If you have got a limited amount of money and you are purchasing, you plan for the month and you buy things in bulk that you can buy that aren't as perishable. And so if your money, whatever money you get from food stamps, is split in half, that may reduce your ability to take advantage of big sales, bulk purchases. And anybody who has had experience buying with small amounts, or living on small amounts of money and trying to plan will know what I am talking about. You can't buy that 10 pound bag or that big box at the Costco, whatever it might be, because you have only got half the money.

Ms. DELAURO. Ms. Kaptur.

Ms. KAPTUR. Thank you, Madam Chair, for your leadership, and it is so great to have this hearing today. And we thank you all. You must be worn out by now. But we thank you for your service, and you have really important responsibilities, and we care about those responsibilities. And we are at the receiving end down in our districts. We get to see what happens in these cafeterias and lunch rooms. And as hard as we are all working, we have got to do better.

And the focus of my questioning really will be on local food systems and sustainability at the local level and its relationship to our children and their health. And I am going to ask you to provide for the record, you may not be able to answer this today, for best prac-

tices around the country where those local connections have best been made to improve the diet of our children. I am going to tell you a little bit about Ohio, and I need your help.

About 8 months ago Secretary Johner visited our district to look at ways of connecting our nutrition programs to local agriculture so that we could get more fresh fruits and vegetables; so that we could get better meals prepared; so that our local community could learn how better to do this. And subsequent to her visit, we passed a new Farm Bill.

And the procurement process and the purchasing agreements for school lunch programs with these changes allow local foods to be used by local schools. However, within the State of Ohio, that doesn't happen. And food purchasing requirements there dictate that only one purchaser is the gatekeeper for all of the nutrition programs, and that person exists in the State capital in Columbus. And if a producer, a farmer, in our region wants to sell food to a school in our district they need to receive permission approval from that Columbus consolidated food buyer, and they must pay a royalty to that buyer and fill out very complicated forms in order to apply.

Second Harvest Food Bank statewide director, and I wish to place her comments on the record, Lisa Hamler-Fugitt, who studied this more than anybody I know, says the following, the issue is that local school food service authorities, public entities, Department of Administrative Services, and even the U.S. Department of Agriculture have very complicated RFP and bidding processes that are far too extensive, complex and highly technical for most local producers to navigate and complete. In most situations only large companies with highly trained staff can complete these requirements. Many of the farmers, growers, and commodity producers that we work with at Second Harvest tell us that they don't have the knowledge, expertise, or resources to compete for those contracts. Many farmers and growers in Ohio report that far too many program procurement authorities aren't interested in working with them or with local producers and view their foods as less desirable and table-ready compared to packaged, wrapped, and prepared foods.

[The information follows:]

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March 11, 2009

Office of Congresswoman Marcy Kaptur
2186 Rayburn House Office Building
Washington, DC 20515

Dear Congresswoman Kaptur,

Thank you for this opportunity to share our experiences and to offer a few comments concerning your inquiry.

The Ohio Association of Second Harvest Foodbanks would like to thank you for all of your support for Ohio's Foodbanks and 3,000 food pantries, soup kitchens, shelters and non-profit and faith-based hunger relief charities.

The Ohio Association of Second Harvest Foodbanks has a ten year history of working in partnership with hundreds of local farmers, growers and commodity producers through our state funded Ohio Agricultural Clearance Program. This program has been described in public records and media reports as one of the most highly successful and cost effective public/private partnerships currently operating in the State of Ohio.

This program is operated by the Ohio Association of Second Harvest Foodbanks through a grant agreement with the Ohio Department of Job and Family Services. Since its inception we have purchased over 100 million pounds of wholesome Ohio grown and raised fresh fruits, vegetables and protein items (chicken and eggs). This food is the most wholesome food we distribute to our 12 Foodbanks and 3,000 food pantries and soup kitchens to help feed Ohio's hungry citizens.

We offer the following input about our experiences as well as comments from our years of listening to our suppliers:

- Often school food service authorities, public entities (colleges, institutions, etc), departments of administrative services and even USDA have very complicated RFP and bidding processes that are far too extensive, complex and too highly technical for most local producers to navigate and complete. This leaves local producers out of local market opportunities and federal funding.

- In most situations only large companies with highly trained staff can complete these intensively complicated processes and requirements.

- Many of the farmers, growers and commodity producers with whom we work, report they don't have the knowledge, expertise or resources to compete for these contracts.

- Others report that far too many program procurement authorities aren't interested in working with local producers and often view their foods as less desirable and less table ready. Meaning they put more value in the packaged, wrapped and nearly table ready food, such as prewash, and peeled fruits and vegetables.

- In 2000, our Association experienced an interesting situation. That year the Ohio Department of Administrative Services (DAS) purchased food for our Foodbanks, from funds that had been provided through a state appropriation. When compared over two consecutive years, one in which DAS managed purchasing and one in which purchasing was handled by the Association, the DAS system had paid 30% more for the same foods.

If this experience holds true across other public sectors, public purchasers may in fact be paying higher prices than local markets rates.

In addition, foods produced and procured locally will reduce transportation cost, pollution, energy consumption and our overall carbon foot print. It's also fresher, more wholesome and good for local economies and creates jobs.

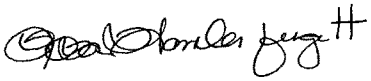
Connecting producers to consumers, through our federal nutrition programs is a win-win-win for our consumers, our public entities and producers.

As President Obama and Congress examine methods to reduce the federal deficit, it might be worth conducting a congressional review on how these procurement processes and purchases are conducted. Are these entities overpaying for foods being purchased with public funds?

In closing, we thank you for your tireless efforts on behalf of our hungry citizens. We know you are just as concerned as we are watching our lines grow longer each day with new people joining the lines for the first time.

If you have any questions, or if I may be of any assistance, please don't hesitate to contact me.

Sincerely,



Lisa Hamler-Fugitt

Executive Director

Ohio Association of Second Harvest Foodbanks

BEST PRACTICES OF LOCAL PURCHASES

So my request really is one of help. Perhaps does USDA have best practices around the country that you could share with our State officials? We would like to redo that visit with FNS in our region. We would like to bring in the State people. Secretary Johner said you better have them at the table because they are not here. Well, they didn't want to come.

And so the interesting thing, and I will tell you the head of our financing arm of our largest school system, and I represent about 19 school systems in our region, came to a meeting in our office about a year and a half ago and said to me, well, Congresswoman, you are the first person that has ever asked me about the connection between education and nutrition, and he had been the chief auditor for the school system for 25 years. So, in Ohio, the money for food goes through the Department of Education. They don't think about nutrition, and they don't think nutrition is their responsibility. So we have got to some how reconnect this at the local level. And I really believe USDA has the lead.

I mean, the money we provide for food for our children, we should put restrictions on this, and we should make things happen, but we need to know best practices. And so my question to you really is, do you have examples in your office of experience around the country where this is being done well, where fruits and vegetables and produce are being provided to children? What can we learn from that, especially where our local producers, and where those exist, I am sure Utah doesn't have a lot of, maybe they do, but in Ohio, we can feed ourselves. If we choose to do that, how do we relink the producers to the consumers in these schools?

Mr. O'CONNOR. We can certainly look for those best practices and provide them to you as you have requested. I think what you are touching on in this situation that you describe also illuminates the difficulties or the complexity really, not so much difficulties, but the complexities of the procurement processes and what rules apply and whatnot. We can take a look and see what is happening in Ohio in terms of what you have just described to us or whatever. We also can provide technical assistance, and we will look into doing that.

[The information follows:]

The following is a list of best practices FNCS believes promotes the connection between local farmer/producer and the nutrition assistance programs.

- FNS continues to support participation by farmers' markets in SNAP and look for ways to support continued growth in this area. For example, FNS allows various other approaches to handling SNAP transactions such as paper scrip, tokens and wireless point-of-sale to process SNAP transactions when traditional EBT POS equipment cannot be used.

- According to USDA's Agricultural Marketing Service (AMS), as of August 2008, there were 4,685 farmers markets operating nationwide. While only 753 farmers' markets were participating in SNAP at that same general time, that is an increase of 501 since fiscal year 2001, when farmers ' market participation was at 252. The fiscal year 2008 participation number increased by 34 percent increase over the fiscal year 2007 participation number.

- FNS also has simplified the application process for all retailers, including farmers' markets, to become authorized by instituting an online authorization system.

- Through the FNS Web site, we inform the community about promising practices and farmers' market activities across the Nation. The Web site can be found at http://www.fns.usda.gov/snap/ebt/ebt_farmers_markstatus.htm.

- This year, FNS approved waivers supporting projects in upstate New York and Massachusetts to allow farmers' markets to provide financial incentives to SNAP participants who use benefits at markets. Incentives are funded by private initiatives. FNS is working to simplify the process for States and farmers' markets to apply for such waivers.

- FNS is encouraging efforts within interested States to apply for AMS grants that direct ten percent of the funding (total $5 million) towards new EBT systems in farmers' markets.

- FNS participates in the Farmers Market Consortium which is a public/private partnership led by the AMS to facilitate the exchange of information and dialogue on emerging issues in the farmers market community. Membership in this group includes a number of organizations representing farmers' markets and other related community-based organizations, such as the Project for Public Spaces.

- Finally, FNS provides technical support to the AMS team writing an EBT Handbook to provide guidance to markets interested in implementing EBT. This handbook will be issued in the very near future.

- Both the WIC Program and the National School Lunch Program provide opportunities for small resource farmer. For example,

- Farmers' markets are eligible to accept the new WIC cash-value voucher for fresh fruits and vegetables.

- State agencies administering the National School Lunch Program have been provided guidance on a 2008 Farm Bill provision which allows school districts to use a geographic preference when purchasing unprocessed locally grown and locally raised agricultural products. This provision, combined with two recent FNS publications, are expected to expand opportunities for small resource farmers. The publications are: *Eat Smart-Farm Fresh! A Guide to Buying and Serving Locally-Grown Produce in School Meals* and *Small Farms/School Meals Initiative: a Step-by-Step Guide on How to Bring Small Farms and Local Schools Together.* These publications provide practical tips in a handbook format on how school food service personnel can purchase products from local farmers. FNS intends to update the publication, *Eat Smart-Farm Fresh! A Guide to Buying and Serving Locally-Grown Produce in School Meals,* by December 2009.

Ms. KAPTUR. I would really love to do that for the Ohio delegation. I can't take care of the whole country all at once. Other people do that. But if we do it right in Ohio we think that our example will spread, and we really need the help there, because we have got some dysfunctionality, and the yield is children who are not eating properly in every one of these schools. I can tell you, just in my district, in looking at what money was spent on last year by one school system, they spent $650,000 on procurement of pizza, local pizza, from one of these standard companies. And I thought, wow. It is not even pizza with vegetables on it. So it is just interesting. I mean, it is like nobody thinks about it. It is like it all comes down these shoots. And in the end, you go into the cafeteria, and you see what is eaten, and you see what is thrown away. Something is not right here.

Mr. Brownell.

Mr. BROWNELL. If I might comment, there is a wonderful example of this working right in Berkeley, California. It got started by Alice Waters, a well known chef and author, who convinced one of the local middle schools to turn a parking lot into an edible garden essentially. They call it the Edible School Yard. And you can Google that and find a lot of information they have available. And the purpose was to get the kids involved with sustainability and growing local foods. Some of the food went into the cafeteria. The kids would do poetry readings in the garden. They learned elementary plant biology in the garden, et cetera. It really became a real focus in that particular school.

And based on the success of that, the Berkeley Consolidated School District has decided to do that sort of thing district wide. And they hired a chef named Ann Cooper to come in and run the food service for the whole Berkeley school system. And she has worked out a lot of the problems that you mention about how to procure food for the whole school district, how to work with local farmers, how to get through the paper work and things. It could be that the California requirements are different from those in Ohio, and I wouldn't know about that, but they have worked out a lot of the problems and done it successfully.

Ms. KAPTUR. That is a very good example, Mr. Brownell. Does your Department have that in a little kit that members could receive or other examples like it?

Mr. BROWNELL. The people in Berkeley do. If you go right to the Web site——

Ms. KAPTUR. The Edible School Yard.

Mr. BROWNELL [continuing]. The Edible School Yard, you will find a variety of brochures, pamphlets and things like that, that you can download, that they could send you. And if you would like, I could get in touch with them and ask them to get you material.

PURCHASES BY SCHOOL DISTRICTS

Ms. KAPTUR. Yes. We need USDA's help to sort of put their arms around our State and to allow them to cooperate rather than resist. And actually, I would appreciate it.

Here is another thing, Madam Chair, I am really interested in; the hardest information to obtain in my district through the State of Ohio is, of the Federal dollars that have come down for our

breakfast and lunch programs, how much of what has been procured by each school district at what price? Try to get it. So if you can't even know what has been done, how can you possibly improve upon it? Do you collect that information? Is there a reporting back up the chain of command to USDA from the school districts?

Mr. O'CONNOR. No, not from the school districts.

Ms. KAPTUR. How would we get that? That way you would make a very clear judgment on how much high fat McNuggets have been purchased versus how many apples and green peppers and low-fat yogurt. We don't have a way of measuring anything. Can you help me figure this out? How would we do this?

Mr. O'CONNOR. I think that what we would have to do is a survey and ask for all that information to come in.

Ms. KAPTUR. All right.

Mr. O'CONNOR. But that would be a large undertaking.

Ms. KAPTUR. What if you were just to take, selfishly, the Chairwoman's congressional district and my congressional district, and maybe Mrs. Emerson. Take the women on the committee. Oh, I like that idea. How about that? Three districts, would that be hard to do?

Mr. O'CONNOR. My colleague is telling me we are looking at this right now at a national level but not to the level that you are talking about. We could do that. It would cost money, obviously. As Mr. Brownell was saying, there are ways to study things.

Ms. KAPTUR. Madam Chair——

Ms. DELAURO. We can think that through, Marcy, and figure what we can do.

Ms. KAPTUR. All right. Thank you.

Ms. DELAURO. Mr. Alexander.

CONFLICTING PROGRAMS

Mr. ALEXANDER. Thank you, Madam Chairman.

I don't want to ask a question that might have already been asked, so I will just make a little statement talking about school. It won't take me but a couple of minutes to tell you a cute little thing that happened in my office. A couple years ago, Madam Chairman, before we voted for the CAFTA Free Trade Agreement, I don't remember when that was, a couple of years ago anyway, the Governor from Louisiana at that time, a lady, was very much opposed to the CAFTA Free Trade Agreement because she was afraid the South American countries may flood the market with sugarcane. And Louisiana is a big producer of sugar that comes from sugarcane, so she was opposed to it. And I had made the statement that I was for the CAFTA Free Trade Agreement.

She sent a lobbyist into my office one day and said, we want to remind you that the Governor of Louisiana is very much against the CAFTA Free Trade Agreement. Louisiana produces, 20 percent of the Nation's sugar that is consumed that is made by sugarcane or from sugarcane comes from the State of Louisiana, and I said I understand that. And she said, also, you remember the Appropriations Committee, and we have a request in to the Appropriations Committee, and we would like for you to help us make sure that it is funded. The Pennington Biomedical Research Center

right off the LSU campus in Baton Rouge, the largest obesity research center in the world, and there is a request in for that.

And I said, that is a government at its finest: Over here, we want to protect the sugar industry; and on this hand, we want to do what we can to do more obesity research. And that is just, for instance, how lopsided government can be at local, State, Federal levels.

I made the statement last year, it just seems so strange we will, as a committee and as a government, we will subsidize milk producers to help them produce all the milk, and then when they overproduce cheese, well, we will spend a lot of money getting that out to food banks or commodity centers. And then somebody will say, oh, let us feed it to our school kids. And then 20 years down the road, it will stop their veins up, and then we will have to try to figure out what to do there. It just seems like there are so many times that we shoot ourselves in the foot.

VENDING MACHINES IN SCHOOLS

Jack, that works behind me here, asked earlier if there is data out there to show how many Coke machines or soft drink vending machines are in schools. Do we have a comparison on a per-capita basis across the Nation? Does anybody know? Do parents ever approach the school boards and say, look, we need to put a stop to this? It shouldn't be up to the government to do a lot of that.

Mr. BROWNELL. There are data available on the percentage of schools that have soft drink machines in them; less on how many in each school. But it is a changing number and changing fast in the right direction. There are a lot of school districts and States, too, that are taking action.

It so happens Connecticut has the most aggressive school nutrition legislation in the country. So in the State of Connecticut, you won't find those machines. In other places, you will find a lot of them. It really depends. So the number is changing quickly. It is going in the right direction, but it is still a real presence in some school districts.

And by the way, one of the issues that came up some time back in our discussion was a possibility the schools would lose revenue if the machines got taken out. That really is a myth for two reasons. One is that there is some research showing that if they put healthier things in the machines, kids will buy the healthier things, and the revenue stays about the same.

But the other myth there, it is as if people sort of behave as if the soft drink companies are standing there handing money to the school district. But it is not the companies that are putting the dollars and the quarters into the machines, it is the kids in the school district. And the soft drink companies are taking a cut of it. So if the schools are going to have those kinds of machines, they would be better doing it on their own and going out to Sam's Club and buying big masses of the stuff and selling it on their own, not having to give part of it to the soft drink companies. But it is a real myth to believe that the companies are contributing to the education in a school district. It is more or less a tax because the kids are paying for it.

Mr. ALEXANDER. Thank you.

Ms. DELAURO. Thank you very much. We do have a habit of——

Mr. ALEXANDER. Shooting ourselves.

Ms. DELAURO. In the foot, right. I could think of a number of examples.

I have organized myself here so that I know what my last two or three questions are going to be, and we will let you free, free at last.

WIC FOOD PACKAGE

The WIC, we haven't talked much about the WIC Program here, the food package implementation. We haven't dealt with the guidelines since about 1974; 4 years since the IOM released a report, "WIC Food Package: It is Time For a Change." That was the foundation for nutritional changes of the WIC food packaging. The interim final rule was published in December of 2007. So 4 years for the rule.

Since then, States have been working on implementing the WIC food packages. And I understand New York and Delaware are the only two States that have already implemented the changes. Where are the other States in implementing the changes? What issues are States encountering with implementing the new WIC food packages, and how are the changes being received by vendors and WIC participants? Are States providing outreach in education to ease this transition to the WIC food packages?

Mr. O'CONNOR. All of the States are on schedule to implement the WIC food package changes by October of this year, which is good news. Some States will be implementing before that. As you noted, New York and Delaware are leading the pack there. There will be others coming on board. But it is a difficult transition for some States to be able to do that. It involves computer changes.

Ms. DELAURO. What are the issues with regard—is it technical?

Mr. O'CONNOR. Yeah. And there are limited dollars available in States to be able to make some of those changes. But having said all of that, we are on track to have all of the food package changes implemented by October of this year, which is, I think, good news for everybody involved.

[The information follows:]

The attached table indicates the anticipated implementation date for each State. Both New York and Delaware implemented the changes in January 2009. All States plan to implement by the October 1, 2009 deadline. The implementation timeframes were determined by the State agency based on the State's assessment of changes required to its management information system, the training needs of staff, vendors and participants, and development of a new State Food list. The Food and Nutrition Service is providing technical assistance to WIC State agencies to assist them in implementing the interim rule by the deadline.

From an electronic benefit standpoint, one major challenge is defining the new business rules and technical requirements for an electronic cash value voucher to allow for software updates to electronic cash registers and State agency systems. The national WIC office has facilitated a workgroup of States and industry to develop these requirements in order to meet the implementation dates required by regulation.

We are also streamlining the WIC management information system approval process to enable State agencies to more easily make necessary changes to their management information systems to meet the implementation deadline.

New WIC Food Package Implementation	
State Agency	Implementation Date
Alabama	10/1/2009
Alaska	10/1/2009
American Samoa	10/1/2009
Arizona	10/1/2009
Arkansas	10/1/2009
California	10/1/2009
Colorado	9/1/2009
Commonwealth of Northern Mariana Islands	10/1/2009
Connecticut	10/1/2009
Delaware	1/1/2009
District of Columbia	10/1/2009
Florida	10/1/2009
Georgia	10/1/2009
Guam	10/1/2009
Hawaii	10/1/2009
Idaho	10/1/2009
Illinois	8/31/2009
Indiana	10/1/2009
Iowa	8/1/2009
Kansas	10/1/2009
Kentucky	10/1/2009
Louisiana	6/30/2009
Maine	10/1/2009
Maryland	8/1/2009
Massachusetts	10/1/2009
Michigan	10/1/2009
Minnesota	8/1/2009
Mississippi	10/1/2009
Missouri	10/1/2009
Montana	10/1/2009
Nebraska	10/1/2009
Nevada	10/1/2009
New Hampshire	10/1/2009
New Jersey	10/1/2009
New Mexico	5/1/2009
New York	1/1/2009
North Carolina	10/1/2009
North Dakota	9/1/2009
Ohio	10/1/2009
Oklahoma	5/1/2009
Oregon	8/1/2009
Pennsylvania	10/1/2009
Puerto Rico	10/1/2009
Rhode Island	10/1/2009
South Carolina	5/1/2009
South Dakota	8/1/2009
Tennessee	10/1/2009
Texas	8/1/2009
Utah	10/1/2009
Vermont	10/1/2009
Virgin Islands	10/1/2009
Virginia	10/1/2009
Washington	10/1/2009
West Virginia	10/1/2009
Wisconsin	8/1/2009
Wyoming	10/1/2009

Ms. DELAURO. Have there been any response in terms of the vendors or the participants on the change rather than the technical side of it?

Mr. O'CONNOR. I think we anticipated some push-back from vendors and whatever. But it seems as though everybody is okay at this point.

Ms. DELAURO. Good. And you feel comfortable with the outreach that the States are making in the education process to ease the transition.

Mr. O'CONNOR. Yes.

FRUITS AND VEGETABLE PROGRAM

Ms. DELAURO. The fruits and vegetable program, in your testimony, Mr. O'Connor you said that FNS estimates that the programs together supported nearly $11 billion in 2008 in fruit and vegetable consumption, through the distribution program. The 2008 Farm Bill provided $1.4 billion over the next 10 years to expand that program. And obviously, we talked about here today the increase of the consumption of fruits and vegetables in schools.

In your view, where do we get the biggest nutritional impact on providing increased fruit and vegetable consumption? Is it in the School Lunch Program or through the Fruit and Vegetable Snack Program?

Mr. O'CONNOR. It has to be looked at, I think, through the School Lunch Program, just because given the volume of dollars that are available.

Ms. DELAURO. So we get our biggest bang for the buck through the School Lunch Program.

Mr. BROWNELL. As an aside, one of my colleagues at the Rudd Center, Marlene Schwartz, did an interesting study in your congressional district in Gilford, Gilford schools, where she tested just changing a simple thing in the school lunch process where, instead of kids being asked or being able to pick a fruit, it was actually placed on their tray. They were given a choice of a fruit or a juice, but it was actually placed on their tray. And that simple change greatly increased fruit consumption in those kids. Now, there was a little waste. That is, you put it on the tray and some kids wouldn't eat it then, but many did. And so just that little tweak in the way that it is done. So that would be an example of a little study that got done, didn't take much time, cost almost nothing, but could have a big impact if it resulted in changed policy.

Ms. DELAURO. Can I get a chance to see that study?

Mr. BROWNELL. Yes.

Ms. DELAURO. Great. I have got a couple more questions, Rodney, but let me, Mr. Alexander, let me yield to you.

Mr. ALEXANDER. I am fine. Thank you.

NUTRITIONAL QUALITY OF COMMODITY PROGRAMS

Ms. DELAURO. On the USDA, the commodity of foods, Mr. O'Connor, you have talked about an aggressive initiative that improved the nutritional quality of the FNS commodity program.

Dr. Brownell calls on FNS to improve the nutrient quality of USDA commodity foods. What is the aggressive initiative FNS is pursuing, and what additional steps can the Department imple-

ment to improve the nutritional quality of the commodity programs?

Mr. O'CONNOR. Well, some of the things that we have already done is that we have put in place changes to lower the salt content of the commodities that we provide. Lowering the sugar content by, for example, only offering canned fruits that are packed in light syrup or water or natural juices. We are cutting fat in the commodities that we supply. And we are increasing the variety of whole grains that we provide to schools as well.

Ms. DELAURO. What is the total amount spent on purchasing commodities and how much can FNS require to meet these nutritional standards.

Mr. O'CONNOR. Let me see if you have that. It is about $800 million a year. It is all in entitlements and whatever. Closer to $1 billion, sorry.

Ms. DELAURO. In terms of the purchasing of commodities, it is $1 billion.

Mr. O'CONNOR. For the schools.

Ms. DELAURO. Can we do something about requiring meeting nutritional standards with regard to the—as I understand it, the schools, you give them a list, they select what they want on the commodities, is that right? Can we do anything with regard to the requirement on nutritional standards on commodities?

Mr. O'CONNOR. So that we are restricting the kinds of commodities?

Ms. DELAURO. Yeah. In terms of the nutritional content of the commodities, or are we just shipping?

Mr. O'CONNOR. The schools are choosing the commodities as part of their overall presentation or their overall efforts at meeting the nutritional standards for the entire meal. So the commodities that they are choosing are the whole package.

Ms. DELAURO. So is that commodity purchase you are telling me, then, has to meet some nutrition standard that the school is subject to so that—the school has to take into consideration the nutritional standards when they are dealing with commodities.

Mr. O'CONNOR. Yes, so the commodities are making up a part of the overall meal plan that the school has put together. The meal plan has to meet the nutritional standards.

Ms. DELAURO. Is that working?

Ms. PARKER. I was just going to add before, in my previous job, I wrote a report on the commodity program, which I will be glad to share with you. It looks at some of these issues. In fact, we created a term called "nutrition control," points which was basically to point out all the points at which decisions are made along the chain that could turn different ways and make a difference in terms of what the commodities ultimately end up looking like on a child's plate. So I would be glad to share that with you.

But it is not—it is, again, a responsibility that has to do with Federal level, but with State level and local school district level; for example, often school districts don't have enough knowledge about how to make decisions about how their commodities are processed in a way that will produce products that will be more in—will allow them to stay more in keeping with the *Dietary Guidelines*. So there

are places all along the way in which changes, small changes could occur that could make a difference.

Ms. DELAURO. And in essence, and I am just speaking out loud here, it gets back to looking at improving the nutritional quality of the commodities that we purchased rather than leaving most of it up to what commodity prices we have to support. Is that a fair comment?

Ms. PARKER. Well, the one thing I would say is that, as I understand it, according to what research I did, actually things like beef, for example, is the leanest beef on the marketplace. So, in fact, it is important to really look at, specifically at, what products are there. And in some cases, they could be improved. In other cases, they are doing a pretty good job. It is also an issue of how people make choices however. If most people use all their money to buy meat but don't spend very much of it on fruits and vegetables, that is an interesting thing to look at.

So I guess what I am saying is, it is a lot more complex than meets the eye. And what States offer to local school districts, what school districts understand about how to order food from companies that process the commodities, all of those things have an impact on what is on the child's plate.

CHILD NUTRITION INITIATIVES

Ms. DELAURO. I just have a comment and then one last question, or one last comment from all of you.

Dr. Brownell, you have laid out some possible new initiatives. You talked about the commission at the Institute of Medicine on an economic and health analysis of the impact of subsidies, how we can use that subsidy policy to better address the nutritional needs and concerns and health concerns that we have, the impact on food prices on a Nation with a vulnerable population and food access, and really take a look at that and how we go about trying to implement that.

I know that CRS has done some things. About initiatives, they say they are out here at the moment. I will just say this to you, Mr. O'Connor, that CRS says Child Nutrition Programs initiatives include the following: Providing mandatory funding for a currently authorized pilot project raising income limit for free school meals to 185 percent of the Federal policy income guidelines; authorizing a School Breakfast Program in which all foods are served free without regard to family income in place as a current breakfast program. These are initiatives that are out there, is that accurate, are these accurate? These are ideas? These are not initiatives?

Mr. O'CONNOR. Right.

Ms. DELAURO. Okay. Authorizing start-up grants for School Breakfast Programs; expanding the provision of the Federal child nutrition subsidies for dinners served in after-school programs in additional States. Let me just tell you that got shot down in the Recovery program. I can't make people understand what is going on here, but, you know, we live to fight another day.

Simplified Summer Food Service Program rules nationally applicable; the competitive foods requirements issue; establishing and funding a competitive grant program for schools to create healthy school nutrition environments; assessing the effect of these envi-

ronments on the health and well being of their students; expanding the summer food service program; increasing the number of areas in which the meals are offered; start-up grants for a new summer program; making nationally applicable rules now used in a pilot project in Pennsylvania that ease participation by summer program sponsors in rural areas.

So these are not initiatives, but they are ideas. Are there any that jump out to you that are along that we are really taking a hard look at? No, you don't know, or we are not? I am not asking you to comment on the policy. I just want to know if there is anything in the pipeline with regard to any of this effort or that we have to start from scratch and try to take a look at them.

Mr. O'CONNOR. Much of that is in the pipeline.

Ms. DELAURO. Well, if I send you this list, can you then tell me what is in the pipeline, what isn't and where in the pipeline it is?

Mr. O'CONNOR. I think we will need to defer to the Secretary on that.

CHILD NUTRITION REAUTHORIZATION

Ms. DELAURO. Okay. As I say, he is here next week.

A final question to all of you. We are going to deal with the reauthorization of the child nutrition WIC reauthorization this year. Let me just ask you, what would be your top priority for that reauthorization?

Mr. O'CONNOR. I am being told our top priority is that it happen this year.

Ms. DELAURO. Okay. Ms. Parker.

Ms. PARKER. I don't think the Institute of Medicine takes positions on legislative issues.

Ms. DELAURO. But I mean, just what would be a good thing?

Ms. PARKER. Well, let me do this. I will talk from my personal——

Ms. DELAURO. Talk from your personal, that is right, because you have got a good background in all this stuff.

Ms. PARKER. Let me say two good things. One good thing would be to ask the Secretary of Agriculture to give the Secretary of Agriculture the authority to do some new—require the Secretary of Agriculture to do competitive food regulations and expand it to the whole school and the whole State and put that through some kind of a regulatory process, so that and perhaps use our IOM standards as the basis.

And the second thing I would say, and this, again, is personal, is to do what we can to increase access to Child Nutrition Programs whatever form they take, so that, particularly in the current context with poor families, that kids get the nutrition they need, enough nutrition.

Ms. DELAURO. Dr. Brownell.

Mr. BROWNELL. And I would say, similar to what Lynn recommended, better nutrition standards in schools that would focus on two things. One is how to drive up consumption of the things we would like to see children eat more of, and how to drive down consumption of the things children should eat less of.

And then second would be to be a little more aggressive with the school wellness policies, as we discussed. Whether to try to figure

a way that policies can become programs and to provide some guidance from Washington about what an ideal policy and set of programs would look like.

Ms. DELAURO. We will conclude. It is 4:15. You have been here since 1:00. So I much appreciate your time and your patience. I will say that we did take an hour out of this to be able to go over and vote, but that didn't—I can't tell you how much I appreciate your being here and your thoughtfulness and your candor about the kinds of things that we ought to do. I believe this is a very, very big issue. We face this as a Nation.

I think it is a crisis of proportions in terms of the effects of—and I believe the agencies are trying to do a good job, I truly do. This is not about gotcha. This is not about just casting aspersions or trying to—but I think we can do better. And we have an obligation to do better. The end of the line is public health, and we are failing on that public health measure, not because we wanted to, but somehow—and we never talked about the link between poverty and hunger and obesity and all of this, which are big, big social issues, which we have to grapple with. But we have it within the purview of this subcommittee. We are not an authorizing committee, but we have the purse. We can try to help make some changes through what we do. We need, obviously, the cooperation of the agency. And from what I have heard from some of the nutrition groups, that they are excited about what the Secretary has been talking about and where he is coming from on the issue of nutrition.

And I know that people in the agency are clamoring for this as well. And we need the benefit of the expertise of you, Ms. Parker and you, Dr. Brownell, to help us to formulate and craft legislative initiatives so that we can get to good public policy in this area. So thank you very much for spending all this time with us today. I appreciate it. And this hearing is concluded. Thank you.

Questions Submitted By Congresswoman Kaptur

LOCAL FOOD SYSTEMS

Mr. Kaptur: Last year, Undersecretary Johner visited my district at my request to discuss ways of connecting the nutrition programs to local agriculture. Since this initial discussion in February of 2008, Congress passed a farm bill and a fiscal year 2009 Agriculture Appropriations bill. As the administration can tell, it is the concern of this body that the procurement process and purchasing programs for the school lunch programs allow local foods to be used by local schools. While the farm bill allows for this to occur, it is my understanding that the procurement process within the State of Ohio does not allow for this to happen.

My office has been working with the Toledo Public Schools in developing more efficient models where local foods can be used in the school feeding programs. Discussions with TPS and Chariot Foods a Toledo company indicate that they both prefer buying local. However, by way of example, let me provide a hypothetical that illustrates the problem. A local grower would like to provide baby cut carrots to TPS, using commodity money. The product would be delivered to the local subcontractor who would deliver to the central TPS commissary. In addition to paying the subcontractor for his services, the state contract holder would also need to be paid to process the transaction.

The potential for profit margin for the grower is reduced by the additional charges by having to go through state contractors.

Please outline the steps that FNS can take to help me fix this problem in Ohio and or nationally.

Response: The procurement situation you have described may be related to the District's use of the Department of Defense's (DoD) Fresh Program to purchase produce using the District's commodity entitlement. However, while we have been in contact with Toledo Public Schools on a number of issues, we are not familiar with the specific circumstances you have shared. We will contact the State and Toledo Public Schools for additional information and will provide a separate response to your office as soon as possible.

Ms. Kaptur: The Toledo Public Schools can purchase apples from the West Coast for less than from local growers. One factor that contributes to this is their economies of scale, which allows for large volume discounts. Their large operations also allow them to provide more control over size uniformity, which is part of the purchase specification. Local growers are not given the opportunity to match Washington state prices. Local products are nutritionally equivalent, but frequently cannot meet the size specifications. Could you please outline for me the tools that the Food & Nutrition Service has to streamline this process? Do other regions use cooperative models to achieve economies of scale while producing products locally?

Response: Cooperatives pool buying capacity by negotiating purchasing contracts as one cooperative buying agency. Vendors are more likely to compete aggressively for the business of several districts than for one alone. Combined buying power may even influence what is available in the marketplace. Cooperatives also pool the knowledge of buyers who can learn from one another. As the Food and Nutrition Services (FNS) is not a party to

contracts between school food authorities and their vendors, we do not have definitive data on how often cooperatives are used. However, FNS provides information on cooperatives and their merits in a Web-based procurement training program, the first component of which was released in 2008.

In addition, the Department has long recognized the valuable role cooperatives may play in promoting schools' access to small resource farmers. To support such efforts, we have produced "Small Farms/School Meals Initiative: A Step-by-Step Guide on How to Bring Small Farms and Local Schools Together" which provides a step-by-step guide of activities for groups to plan, conduct, and publicize a professional town hall meeting that encourages small farmers and local school food officials to begin a "farm-to school" project. FNS and the Agricultural Marketing Service are prepared to provide technical assistance in support of cooperative buying efforts in your District at your request.

Ms. Kaptur: Please outline for the committee your plans to coordinate on the ERS study of the impacts of local food systems.

Response: FNS works closely with the Economic Research Service (ERS) on projects they conduct with impacts on or implications for Federal nutrition assistance programs. FNS provides input into the development of ERS' annual research priorities, as well as coordination on specific projects. With respect to the study on local food systems, we anticipate working with ERS to identify how FNS policy information, program data and existing research can contribute to addressing project objectives. Among relevant FNS information are data on senior farmers' markets, the Supplemental Nutrition Assistance Program (SNAP) store redemption patterns and school garden projects.

Ms. Kaptur: Expanding access to foods is a top priority for me and setting up food banks and community gardens as redemption sites for the food stamp programs is an excellent way to increase the economic benefits into the local community for these dollars. Please outline for the committee the agencies plans for promoting these types of innovative plans for rolling out these programs.

Response: Food banks and community gardens are not typically eligible for SNAP authorization because they do not stock and sell food. In the case of community gardens, FNS can authorize ones that sell their food, but they are often looking for advance payment for a crop that may or may not be realized. SNAP regulatory requirements for such cooperative type organizations state that food must be delivered within 14 days after payment.

Organizations that meet the regulatory criteria can be and are authorized to accept SNAP benefits. For example, food buying cooperatives which run programs that distribute low-cost, high-value food boxes to SNAP clients and people can be licensed to accept SNAP benefits. More information is available on cooperatives at the FNS Web site at: http://www.fns.usda.gov/snap/applicant_recipients/cooperatives.htm.

Ms. Kaptur: In fiscal year 2008, the federal government spent **$165,163,076.18** in my district. The problem with these dollars is that this money is not being spent in my community. The nutrition programs are purchasing this food from great distances. In Ohio, only 2% of food is produced in the State of Ohio. With unemployment rates ranging in my district ranging from 9%-17%, the local community is crying out for job

opportunities and we need your help in capturing these dollars locally. Has the agency estimated the nutrition programs use of locally purchased food? If so, please provide the committee with an outline of plans to capture these dollars locally.

Response: Benefits for two of the three major nutrition assistance programs - SNAP and WIC-are redeemed by clients at authorized local food retailers. We have not studied or estimated the proportion of the foods supported by benefits that are grown or prepared by local producers. However, local retailers, distributors, and other businesses benefit from these redemptions.

With regard to the school meals programs, we do not have an estimate of the amount of locally produced food purchased by school food authorities (SFAs) participating in the school meals programs. Data from USDA's latest meal cost study shows that 88 percent of the total value of food used in the school meals programs is purchased by local SFAs.

Schools have flexibility in terms of the type and amount of foods purchased, where these foods are purchased and from whom. Their primary program responsibility is to provide nutritious meals in a fully accountable manner given the revenues available to them from student fees, USDA reimbursements and other sources. Within this context of managing a cost-effective program, purchasing from local producers is an option available to every school. As with the other programs, local distributors, storage and delivery services may be involved in making that food available to schools, even when the food itself is produced outside of a community. It's also worth noting that 45 percent of the reported cost of food service operations supports local jobs.

As part of the Department's next school food purchase study, we will prepare a national estimate of the percent of total program food costs that supports locally-produced food purchases. This will not permit local or State estimates of such purchases, but will offer a nationally-representative picture of the use of locally-produced food in the school meals programs. We expect to complete the report in late 2011.

Ms. Kaptur: For the record, I would like to submit a statement from Lisa Hamler-Fugitt, the executive director of the Second Harvest Food Bank in Ohio. As she identifies, the problem with the procurement system is the complicated rules and overly burdensome procedures. Please respond to her concerns and outline for us what the Agency plans on doing to help my local producers address this problem "The issue is that local school food service authorities, public entities, department of administrative services and even USDA have very complicated RFP and bidding processes that are far too extensive, complex and highly technical for most local producers to navigate and complete. In most situations only large companies with highly trained staff can complete these requirements. Many of the farmers, growers and commodity producers that we work with tell us they don't have the knowledge, expertise or resources to compete for these contracts. Many farmers and growers report that far too many program procurement authorities aren't interest in working with local producers and view their foods as less desirable and table ready, packaged, wrapped and prepared."

Please respond to her comments.

Response: Federal procurement requirements exist in order to ensure that procurements using Federal funds are competitive, as competition leads

to the acquisition of higher-quality goods and services at the lowest possible price. Federal procurement requirements provide guidelines by which State and local agencies can foster a competitive procurement environment.

FNS recognizes that school food authorities vary in their size and scope. Some SFAs have access to large procurement offices while others are relatively small and lack the same level of expertise. In an effort to provide guidance to SFAs that may feel challenged in their efforts to reach local farmers, FNS has provided guidance in the form of Questions and Answers, memoranda, and through a Web-based procurement training program. The Web-based procurement training provides State agencies with a better understanding of how to best perform responsibilities in the area of school food authority procurements in the National School Lunch and Breakfast Programs, including how to choose the proper procurement method and how to develop appropriate specifications to ensure the proper procurement is made. This includes how and when to utilize the small purchase threshold to procure local food items; a process which is less rigorous and complex than the formal procurement process. The intent of the training is that State agencies will take what they have learned and provide their SFAs with guidance on all aspects of school food procurement.

Ms. Kaptur: In terms of inter agency cooperation; please outline for the committee your plans to engage your partners at AMS, Research and within your state agencies to support community food systems. In order for us to support local food systems and their access to the nutrition programs as markets, there must be an interagency focus on this issue and needs the leadership of agency at the highest levels.

Response: FNS is committed to working with our partners, including the Agricultural Marketing Service (AMS) and other USDA agencies, as well as States, advocates, and local program operators, to exchange information and identify strategies for supporting farm to school efforts. Secretary Vilsack has identified this issue as a high priority. In response, we are currently developing a coordinated plan to address how best to support local growers and markets. As we develop this plan, FNS will continue to work with our partners to advance the discussion regarding local procurement.

ELECTRONIC BENEFIT TRANSFER & FARMERS MARKETS

Ms. Kaptur: In the Fiscal Year 2009 Appropriations Bill, the committees included the following language. "FNS is directed to provide a report to the Committees on the feasibility of installing electronic benefit transfer machines at all of the district or county farmers markets across the country." Expanding access to electronic benefit transfer devices is important if we are going to make farmers markets more effective at accessing local markets. In regards to this language, it would be important for the agency to provide enough flexibility to these providers so that they could, purchase (EBT) machines that were capable of also using credit cards. Instead of requiring farmers markets to purchase two devices, one for credit cards, one for (EBT), USDA could reimburse local agents for the cost of the (EBT) machine at which point they could at their own expense pay for the difference between (EBT) machines and (EBT) with credit card capabilities. Does USDA currently provide flexibility to farmers markets as they procure EBT machines that use both credit cards and have the capability of handling Electronic Benefit Transfer (EBT)?

Response: Yes, FNS provides flexibility for farmers' markets to purchase or lease Electronic Benefits Transfer (EBT) terminals capable of handling credit, debit and EBT cards. FNS regulations require the State or its EBT contractor to provide a free terminal to farmers' markets that have access to electricity and a telephone land line. However, if a farmers' market chooses to use a commercially capable terminal (one that handles commercial credit and debit transactions) the EBT transactions can be handled on that one terminal. The only time that farmers might have two terminals is if they choose to use the free terminal for EBT and also buy or lease a separate terminal for credit cards; however, this situation is rare.

Most States do not subsidize the cost of terminals that accept credit, debit and EBT, primarily due to the additional cost; however, States have the flexibility to do so if they wish, and FNS would reimburse 50 percent of the cost as an administrative expense. Several States have used AMS grant funds to provide low-cost terminals to farmers' markets.

The State of Iowa successfully implemented a terminal subsidy program for farmers' markets. In 2005, Iowa began a pilot in which ten participating farmers at three different markets operated wireless devices that accepted credit, debit and EBT cards. During the 2006 growing season they expanded the program to 67 farmers in 13 markets. The total administrative cost for that year was $338,650, which FNS reimbursed at the 50 percent rate for $169,325. The funds covered monthly lease costs and all transaction fees for EBT. Transaction fees for the credit and debit cards were covered entirely by the Iowa Farm Bureau, so the farmers actually received the terminals at no cost.

The project has since expanded to a total of 167 farmers at 35 markets, making Iowa the Nation's leader for use of wireless technology to access EBT benefits at farmers' markets. This was possible because their terminal services provider agreed to supply an additional 100 terminals with no monthly fees, charging only for transaction fees. New farmers participating in the project reported increased revenues of 10-25 percent over the previous year.

FNS also facilitates EBT access for farmers' markets by approving States to allow scrip and token projects, so that individual farmers do not need their own terminals. This allows the market manager to perform all of the card transactions and issue tokens or scrip which can be accepted by any farmer in the market. The manager subsequently reimburses the farmers for the token or scrip sales. Many markets also use this process for credit and debit card customers.

Ms. Kaptur: In last years questions for the record, the agency indicated that 532 farmers markets participated in the electronic benefit transfer programs which was up from the previous year at 436. Please update these numbers.

Response: As of the end of FY 2008, 753 farmers' markets were authorized to accept SNAP benefits nationwide.

Ms. Kaptur: In the 2008 farm bill, this program went through significant expansion. Could you please outline the fiscal year 2009 participation numbers for the various states including the state increases in their FY 2008 & 2009? In particular, could you please outline the per state participation rate increases?

Response: From October 2007 through October 2008, SNAP participation increased 14.25 percent from 27.2 million to 31 million; however, States did not experience this increase equally in percentage terms. During the same period, at the State level, the increase varied from a low of 0.85 percent in Arkansas to a high of 30.90 percent in Texas. A total of 7 States had increases of 20 percent or more and 25 States had increases between 10 and 19 percent.

FNS has only partial year participation data for FY 2009, with the data through December 2008. We can tell you that participation continued to climb from 31 million in October to 31.1 million in November and a record 31.8 million in December 2008. For the period October 2008 through December 2008, participation increased 2.37 percent. The States with the highest percentage increase this fiscal year to date are Alaska at 14.38 percent and Idaho at 10.10 percent. Provided for the record is a chart showing the participation percentage increases for all States.

This chart differs from the household data analysis FNS did under the American Recovery and Reinvestment Act (ARRA) of 2009 for purposes of allocating the State administrative grant under ARRA. That analysis looked at household data adjusted downward for disasters and used the 12 months ending in November 2008. In response to the questions posed today, today's chart looks at the participation (persons), does not adjust for disasters, and looked at 2008 and 2009 (to date) by fiscal year.

[The information follows:]

SNAP - PERSONS PARTICIPATING - FY 2008 - 2009

State/Territory	Persons Participating Oct-07	Persons Participating Oct-08	Persons Participating Nov-08	Persons Participating Dec-08	Percent Increase Oct 07 - Oct 08	Percent Increase Oct 08 - Dec 08
Alabama	556,247	613,737	624,670	641,449	10.34%	4.52%
Alaska	48,870	50,193	55,139	57,411	2.71%	14.38%
Arizona	585,720	706,577	721,318	742,936	20.63%	5.15%
Arkansas	377,873	381,080	388,711	400,571	0.85%	5.11%
California	2,107,994	2,398,987	2,431,562	2,502,279	13.80%	4 31%
Colorado	246,532	272,982	277,419	291,904	10.73%	6.93%
Connecticut	219,905	237,828	239,921	243,914	8.15%	2.56%
Delaware	70,914	81,462	81,398	85,026	14.87%	4.38%
District of Columbia	85,563	97,815	99,415	100,743	14.32%	2 99%
Florida	1,332,076	1,676,025	1,725,389	1,781,760	25 82%	6.31%
Georgia	971,241	1,139,309	1,166,986	1,197,174	17.30%	5.08%
Guam	27,053	29,215	29,429	29,543	7.99%	1.12%
Hawaii	92,486	105,100	100,114	108,972	13.64%	3.68%
Idaho	90,059	111,838	115,946	123,135	24.18%	10.10%
Illinois	1,269,240	1,424,439	1,370,722	1,371,282	12 23%	-3 73%
Indiana	607,782	740,347	659,712	670,192	21.81%	-9.48%
Iowa	245,282	276,177	279,069	281,801	12.60%	2.04%
Kansas	184,443	195,544	200,002	201,172	6.02%	2.88%
Kentucky	620,114	663,591	667,479	680,959	7.01%	2.62%
Louisiana	663,740	701,764	712,397	702,768	5.73%	0.14%
Maine	164,920	183,515	184,762	189,441	11.28%	3.23%
Maryland	342,126	402,892	411,862	422,373	17.76%	4 84%
Massachusetts	479,248	563,068	574,818	582,645	17.49%	3 48%
Michigan	1,225,285	1,304,013	1,315,408	1,347,326	6 43%	3 32%
Minnesota	275,735	305,661	307,635	314,518	10.85%	2.90%
Mississippi	442,007	472,498	480,474	486,892	6 90%	3 05%
Missouri	854,513	949,404	963,910	981,304	11.10%	3 36%
Montana	78,911	81,735	82,643	84,863	3.58%	3.83%
Nebraska	119,939	121,416	123,039	125,167	1.23%	3.09%
Nevada	132,935	162,743	167,636	174,172	22.42%	7.02%
New Hampshire	60,361	68,126	69,395	71,548	12.86%	5.02%
New Jersey	426,547	461,963	472,703	481,841	8.30%	4 30%
New Mexico	231,074	258,130	261,838	268,400	11.71%	3 98%
New York	1,825,759	2,114,221	2,137,106	2,174,325	15 80%	2.84%
North Carolina	915,318	1,030,906	1,048,072	1,072,607	12.63%	4 05%
North Dakota	47,306	49,293	49,575	50,316	4 20%	2 08%
Ohio	1,109,676	1,208,500	1,223,762	1,264,803	8.91%	4.66%
Oklahoma	421,566	435,046	437,713	444,573	3.20%	2 19%
Oregon	443,493	506,569	515,775	525,199	14 22%	3 68%
Pennsylvania	1,157,888	1,234,892	1,261,344	1,277,018	6.65%	3 41%
Rhode Island	81,417	90,444	91,409	92,395	11.09%	2.16%
South Carolina	569,204	636,698	643,669	657,670	11.86%	3 29%
South Dakota	59,680	64,634	66,890	66,714	8.30%	3 22%
Tennessee	891,779	977,109	982,701	1,019,843	9 57%	4.37%
Texas	2,475,348	3,240,292	2,995,733	3,049,222	30.90%	-5.90%
Utah	124,276	153,727	157,192	165,605	23 70%	7.73%
Vermont	53,554	60,062	61,267	62,954	12 15%	4.82%
Virginia	527,906	582,494	593,578	608,122	10.34%	4.40%
Virgin Islands	13,478	14,123	14,372	14,689	4 79%	4 01%
Washington	533,265	634,240	662,906	683,239	18 94%	7.73%
West Virginia	273,852	285,242	287,730	295,025	4.16%	3.43%
Wisconsin	393,941	469,082	480,341	490,646	19.07%	4 60%
Wyoming	22,347	23,037	23,189	24,007	3.09%	4 21%
US	27,177,788	31,049,785	31,097,245 a/	31,784,453 a/	14.25%	2.37%

a/ System generated estimate.

Ms. Kaptur: In the FY 2009 Agriculture Appropriations bill, language was included that required the agency "to provide a report to the Committees on the feasibility of installing electronic benefit transfer machines at all of the district or county farmers markets across the country." Based on the number of existing farmers markets, could you please outline for the committee how many farmers markets might be met from this possibility? I for one look forward to seeing the details of this report.

Response: According to USDA's AMS, as of August, 2008, there were 4,685 farmers markets operating nationwide. In the past, AMS updated this number every two years, but will change to an annual update starting in 2009. The 2008 number is a 6.8 percent increase from 2006 when AMS last updated the National Directory of Farmers Markets.

As of the end of fiscal year 2008, 753 farmers' markets participated in SNAP, an increase of 501 since fiscal year 2001, when farmers' market participation was at its lowest in the past ten years at 252. The fiscal year 2008 number demonstrates a 34 percent increase as compared to 2007.

FNS continues to support participation by farmers' markets in SNAP. For example, FNS allows approaches such as paper scrip, tokens and wireless point-of-sale to process SNAP transactions when traditional EBT POS equipment cannot be used.

FNS simplified the application process for all retailers, including farmers' markets, to become authorized by instituting an online authorization system.

Through our Web site, we inform the community about promising practices and farmers' market activities across the Nation. The Web site can be found at http://www.fns.usda.gov/snap/ebt/ebt_farmers_markstatus.htm.

This year, we approved waivers supporting projects in upstate New York and Massachusetts to allow farmers' markets to provide financial incentives to SNAP participants who use benefits at markets. Incentives are funded by private initiatives. FNS is working to simplify the process for States and farmers' markets to apply for such waivers.

We are encouraging efforts within interested States to apply for AMS grants that direct ten percent of the funding (total $5 million) towards new EBT systems in farmers' markets.

FNS participates with other USDA agencies, such as AMS and the Farm Service Agency, in the Department's Interagency Coalition on Farmers' Markets. Membership in this group includes a number of organizations representing farmers' markets and other related community-based organizations, such as the Project for Public Spaces.

Finally, FNS provides technical support to the AMS team writing an EBT Handbook to provide guidance to markets interested in implementing EBT. This handbook will be issued in the very near future.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Ms. Kaptur: The Commodity Supplemental Food Program (CSFP) provides nutritional monthly food packages low-income seniors, women, and children in 32 states, 2 tribal organizations, and the District of Columbia. Each food

package costs USDA approximately $20, but has an average retail value of $50. Over 90% of all CSFP recipients are low-income seniors. In the past three budget submissions, the Bush Administration proposed to terminate the CSFP. Fortunately the Congress has consistently rejected this proposal.

How can we get more needy - especially the needy elderly - into this program when it does not operate statewide in any state, and six states with approved plans to operate a program are still unfunded?

Response: We are using all available CSFP funding to support current participation levels since the program can only serve as many individuals as resources permit. An increase in CSFP appropriations would be necessary to expand the number of individuals the program serves.

Ms. Kaptur: What suggestions do you have to help expand this critically important program for thousands of needy seniors?

Response: We are committed to supporting current caseload in CSFP. In those areas where CSFP does not operate, we believe that USDA's nationally available SNAP can meet the needs of elderly seniors with little income and few resources. Congregate nutrition services and home-delivered nutrition services administered by the Administration on Aging in the Department of Health and Human Services are also targeted specifically to seniors. In addition, low-income individuals of any age can receive food through USDA's Emergency Food Assistance Program, which operates nationwide.

Ms. Kaptur: You talk about program needs and expansion in virtually every program but CSFP. Isn't it true that there are six additional states that have approved plans, but have not been able to start, and that many other states have requested more caseload?

Response: Yes, the six additional States not currently operating CSFP, but which have approved State Plans, are: Arkansas, Delaware, Georgia, New Jersey, Oklahoma, and Utah. These States have requested 37,500 caseload slots. Twenty-seven of the thirty-five State agencies currently operating CSFP requested additional caseload slots, a total of 109,194 more than were granted in 2009.

Ms. Kaptur: In my state, CSFP has been an extremely successful program serving thousands in need. While we have been trying to allow for increased participation in the program for many years, a new state, Georgia, has submitted a request for inclusion into the program. Could you please outline for the committee how many low income seniors the state will serve?

Response: Georgia requested 10,000 caseload slots in its State plan. Although Georgia's plan does not specify the number of seniors the State will serve, we assume most of its caseload will be devoted to serving the elderly.

Ms. Kaptur: The National CSFP Association has suggested that an appropriation of $203 million will be needed in FY 2010 to meet these requests. Do you agree with their estimate?

Response: We do not know the assumptions made by the National CSFP Association in their CSFP estimate and can't provide comments at this time.

Ms. Kaptur: In previous years, the Agency has submitted a request eliminating the Commodity Supplemental Food Program. In FY 2007 the administration submitted the following, Of the 424,000 participants in CSFP during that year, if the program was eliminated; the administration estimated that only 88,000 CSFP users would be transitioned onto food stamps. This gap leaves hundreds of thousands of Americans with no nutritional benefit. While I understand that you are not prepared to testify on the budget request for CSFP in FY 10, could you please outline the number of CSFP participants that would not receive benefits if the program was eliminated? I would imagine this number is startling and that this administration is will be turning the page by fully funding this program in the forthcoming budget submission.

Response: While we do not have specific information on the circumstances of CSFP participants, the most recent data available on the income and asset holdings of low-income elderly generally suggests that about 19 percent of elderly people who are income-eligible for CSFP would not be eligible for SNAP benefits because they hold countable assets that put them over the program's resource limit. If this nationwide pattern holds among the projected 444,380 elderly CSFP participants in FY 2009, roughly 358,000 would be eligible for some level of SNAP benefits, and roughly 86,000 would not be eligible for the program.

FRUITS AND VEGETABLES

Ms. Kaptur: We are seeing important increases in fruit and vegetable programs at USDA. Can you detail for us how more demanding your specifications are for USDA commodities today that they were five years ago?

Response: We have made several healthful improvements to our fruit and vegetable specifications over the past five years to better support the recommendations of the *Dietary Guidelines for Americans* and MyPyramid. We have reduced the sodium in our canned tomato products and canned dry beans to 140 mg per serving - the Food and Drug Administration's standard for a low sodium product. We will be reducing the sodium in all canned vegetables to this level in School Year 2010. We have eliminated trans fats in frozen potato products, and are offering a fat-free frozen potato wedge. We now offer only unsweetened applesauce. We have lowered the sugar in frozen peaches, strawberries, apricots, and cherries, and are lowering the sugar in most bulk pack frozen fruit products. We also offer individual quick frozen fruit products with no added sugar. We will continue to actively explore future improvements to USDA foods in order to improve their healthfulness, while also maintaining their quality and appeal.

Ms. Kaptur: More than half of the fruits and vegetables grown in this country are grown for processing. What are you doing to increase the consumption of these products?

Response: USDA promotes fruits and vegetables as an important part of a nutritious diet. The Farm Bill provided funding for USDA to purchase additional quantities of fruits and vegetables above the already existing $200 million in fruits and vegetables that USDA was purchasing for food distribution programs: $193 million in FY 2009, $199 million in FY 2010, $203 million in FY 2011, and $206 million in FY 2012 and beyond. One strategy we use to encourage greater use of fruits and vegetables is national processing agreements with manufacturers, whereby USDA buys bulk fruits and vegetables such as sweet potatoes and tomatoes, and recipients choose value added end

products. These agreements relieve States and schools of much of the administrative burden associated with managing processing contracts, and they can choose from a variety of healthy end products that best meet their needs.

Ms. Kaptur: What are you doing to implement the Farm Bill's Buy American provisions regarding training school food service personnel?

Response: The Richard B. Russell National School Lunch Act requires SFAs participating in the National School Lunch and School Breakfast Programs to purchase, to the maximum extent practicable, *domestic commodities or products*. This provision, termed the "Buy American" provision, applied to the contiguous States. The term, *"domestic commodity or product"* is defined in the statute as an agricultural commodity that is produced in the United States and a food product that is processed in the United States substantially using agricultural commodities that are produced in the United States. In the Child Nutrition and WIC Reauthorization Act of 2004, the Secretary was directed to provide technical assistance and training to States, State agencies, schools and SFAs in the procurement of goods and services for the programs, including technical assistance in implementing the Buy American provision.

Recognizing the importance of the Buy American provision, FNS has taken several steps to advise SFAs of their responsibility to Buy American. Information about the Buy American provision was incorporated into the Food Buying Guide for the Child Nutrition Programs and 200,000 copies of the guide were printed and approximately 200,000 provided to every school participating in the National School Lunch and School Breakfast Programs. A memorandum was sent to all State agencies reiterating the requirements. Also, in response to requests from industry, FNS issued Questions and Answers (Q&As). These Q&As addressed the relevance of the Buy American provisions in the context of procurement actions under the Child Nutrition Programs.

In January 2009, FNS released Q&As which addressed a number of procurement issues including the Buy American provision. FNS has also been working in conjunction with the National Food Service Management Institute to develop Web-based procurement training to provide State agencies with a better understanding of how to best perform responsibilities in the area of SFA procurements in the National School Lunch and Breakfast Programs. The requirements pertaining to Buy American provisions are included in the training. The first of three modules of the training was released on December 10, 2008. The remaining modules will be completed by December 2009. Overall, this training project is intended to enable State agencies to understand Federal requirements pertaining to the procurement process, especially the requirement for free and open competition, and help State agencies provide training to SFAs on the regulatory requirements governing procurement practices, including the final rule effective November 2007. The intent of the training is that State agencies will take what they have learned and provide their SFAs with guidance on all aspects of school food procurement, including the Buy American provision.

Ms. Kaptur: The current reimbursement rate for a school lunch is $2.57. Can you buy a meal that meets school lunch requirements for $2.57 at the USDA cafeteria?

Response: For School Year 2008-09, schools currently receive $2.57 in cash, and 20.75 cents in commodity support for each free school lunch, for a total of approximately $2.78 per free school lunch.

FNS shares the concerns of many that higher food costs represent a difficult challenge for schools, and we have long worked closely with our State partners and the National Food Service Management Institute to help schools in making healthful meals available within the limited budgets they manage. We also conduct a periodic study of the costs and revenues to schools that participate in school meals programs. Data from USDA's latest study shows that in 2005-06:

- On average, school food service revenue was adequate to cover total operational costs. School food authorities are required to manage on a non-profit basis; most operated at a break-even level.

- The Federal subsidy ($2.50) for a free lunch exceeded the average reported cost ($2.28). The reported cost of producing a lunch was less than the free subsidy in four out of five school districts; in the rest (typically smaller ones), the cost exceeded the subsidy.

- Virtually all schools charge families less for a full price meal than the Federal government provides for a free meal. Even when factoring in the limited reimbursement that USDA provides for these "paid" meals, schools collect only about 80 percent of the revenue that they get for free meals - more than 40 cents less per meal.

Some have proposed an increase in Federal reimbursements for school meals as a means of addressing the problem of higher food costs. However, these reimbursements, which are adjusted every year for increases in food and labor costs, are only one part of the equation in ensuring adequate resources to support healthful meals for our children. Our most recent data indicate that Federal reimbursements represented just over half of all food service revenue in 2005-06. Remaining revenues are provided by families in the form of cash payments for meals and other foods, and through State and local contributions.

Many of USDA's Healthier US School Challenge (HUSSC) schools are meeting the challenges of providing healthier meals within the financial constraints of the reimbursable School Lunch Program. In a recent survey of HUSSC winners, about half indicated that meeting the Challenge did not increase costs and they were able to meet the HUSSC criteria within their existing budget. The remaining schools noted that they just absorbed the additional costs in their budgets or raised lunch prices.

A wide range of choices is available in the cafeteria in USDA's South building. However, we have not explored the relationship of the cafeteria's offerings to school meals standards and reimbursement rates.

Question Submitted By Congressman Boyd

ORANGE JUICE IN THE NUTRITION ASSISTANCE PROGRAMS

Mr. Boyd: Mr. O'Connor, the Florida citrus industry is a vital part of the economy of my home state providing 76,000 jobs and $9 billion in economic impact. In recent years, our citrus growers have become increasingly frustrated about the quality of orange juice being served in our public schools. Sometimes it's not even 100% juice but a sugary beverage. Is there any way we can upgrade the quality of orange juice being served in our schools so children have an opportunity to taste the best, most nutritious product Florida has to offer?

Response: USDA purchases only 100 percent orange juice of domestic origin for its food distribution programs. It is important to note that USDA foods provide about 15-20 percent of the value of food used in the meals served each day in the National School Lunch Program. The remaining 80-85 percent is purchased by schools in the commercial market using cash assistance provided by USDA, and money from other sources, such as funds provided by State and local governments. By statute, schools are required to buy American products to the extent practicable. Schools procure most of their food independently and may purchase juice drink products for a la carte sales; however, only full strength (100 percent) juice is credited toward the reimbursable meal.

TUESDAY, MARCH 31, 2009.

DEPARTMENT OF AGRICULTURE

WITNESSES

HON. THOMAS VILSACK, SECRETARY OF AGRICULTURE
W. SCOTT STEELE, BUDGET OFFICER

MS. DELAURO OPENING STATEMENT

Ms. DELAURO. The committee is called to order.

Before I make my opening remarks or ask Mr. Kingston to make some remarks, I would just like to yield to Mr. Latham, who shares the geography with the Secretary.

Mr. Latham.

Mr. LATHAM. Thank you, Madam Chairman.

I just wanted to, as a fellow Iowan, welcome you and congratulate you on your appointment as Secretary. We are very proud and look forward to working with you.

Thank you.

Ms. DELAURO. Thank you very much, Mr. Latham.

In fact, we want to all welcome you here this morning, Secretary Vilsack. It is a delight to be with you, and thank you very, very much for being here.

I know that this is your first opportunity to testify before Congress since you have been sworn in, taking the time to be with us this morning, even as you continue to settle in and staff up, and I know that is a concern.

Let me just say to you, Mr. Secretary, you bring a lifetime, really, of service and an impressive record on agriculture and nutrition issues to the new role that you have. As Governor, you achieved a lot for family farmers, livestock producers, rural communities. Fighting hunger took center stage during your administration, and you made rural development a real priority with the Iowa Values Fund. I know that you are committed to protecting public health and building a framework for growth in small towns and communities across America. I look forward, too, and I know that the committee does, the subcommittee looks forward to working with you and the very many dedicated men and women at the USDA to make good on that commitment.

Of course, we also know that you are coming into a Department—and I will say it is my view—that is desperate for reform. In recent years, the Department has struggled to fulfill its own mission and to meet the needs of the American people, and today we have an opportunity to make the Department a powerful force for good.

I believe we made an important first step by making critical investments with the recovery package: $20.9 billion in nutrition programs; $1.2 billion for essential community facilities in rural areas

such as health care, fire, rescue and public safety services; $3 billion for guaranteed loans to rural businesses; and $340 million for watershed and flood-prevention activities that are ready to begin work this year.

But we must go farther. We need to build on these resources and commit to reforming the Department on every front.

First, on nutrition, this subcommittee has already held an oversight hearing this year on the reach and the impact of USDA's nutrition programs, the school lunch program, in particular. And I am trying to go back and to find it, and I have asked staff to look at it. I understand that in the 1977 Farm Bill that the U.S. Department of Agriculture was designated as the lead agency in nutrition in this country. So that is what, in fact, I believe it ought to be.

And I know that you and the President are committed to confronting childhood obesity as we implement the Farm Bill and begin work on childhood nutrition reauthorization. We have an opportunity to make concrete improvement in the health and the lives of America's children.

I believe that USDA should work to reduce barriers and increase resources for more direct connection between the demand and the supply on the part of school food services and family farmers, between local schools and food networks.

More broadly, the Department has also the opportunity to immediately improve resources to rural communities, open markets, to local farmers, and to reduce health disparities in the process.

Second, food safety. Americans should be able to assume that the food that they serve their children is safe to eat. Unfortunately, from peanuts to ground beef to peppers to imported seafood and, just yesterday, pistachios—the word on the pistachios is, don't eat them, but don't throw them away, because we are not sure yet what the situation is. But don't eat them. It gives you pause.

We have seen one devastating case of widespread food-borne illness after the next. President Obama has already made it clear that this is not acceptable, and I hope that his proposed Food Safety Working Group can begin to bring serious reform that we need in this area.

I have long been concerned about USDA's dual mission of promoting the products it is supposed to regulate. I believe this inherent conflict of interest at the agency has contributed to some of the food safety problems we have encountered over the years.

We must work to modernize the Food Safety and Inspection Service in a way that emphasizes prevention, not just reaction, and recognize that as long as the threat from food-borne pathogens are constantly evolving, so, too, must our food safety system.

And to stay ahead, we need to continue to prioritize certain key principles. We need to look at the foods that are at greatest risk. We need to categorize facilities based on risk. We need to establish performance standards for food-borne pathogens. We need to look at those risk-based efforts in terms of frequency of inspections and the reporting requirements for companies.

Third area, rural development. For too long the importance of the nonagricultural economy in rural communities has not been reflected in USDA priorities. Today, even farmers are not earning

their primary living from agriculture. Eighty percent of farm household income is derived off the farm.

The Department needs to rethink its mission and its priorities, giving just as much attention to rural development as it does to production agriculture. That means working to reach more vulnerable families and workers in rural areas, including small farmers, low-resource farmers, and minority farmers and small landowners.

Also, coordinating with Health and Human Resources, Commerce, Transportation, investing in rural infrastructure, including broadband, not only to connect rural areas to the global economy, but also to generate growth in rural America. And I know this is a priority for you, and I want you to know that I will be there fighting for that right by your side.

We fought very, very hard in the economic recovery package to make sure that there were resources that went to the U.S. Department of Agriculture and to RUS for broadband. RUS does have a program, quite frankly. Commerce hasn't started up yet with a program in this area. So we are looking to you for leading the way in this area.

Finally, energy. Secretary Vilsack, I know that you will continue to work to ensure that agriculture is an integral part of our push to make renewable electricity affordable and accessible. On this critical issue we must prioritize research and conservation to find the right balance between our need to move energy independence and minimizing the impact on the environment, while at the same time we need to closely monitor the impact of increased mandates for biofuels on the environment and on food prices. Each of these issues—nutrition, food safety, rural development, energy—they are a priority for this subcommittee; and they are ready for reform within the U.S. Department of Agriculture.

Mr. Secretary, I have confidence, real confidence. We have had the chance to work together in the past, and I welcome your leadership of this Department and your ability to bring the change that it needs. So I am delighted that you are at the helm. I look forward to collaborating with you in the months ahead.

This is our big opportunity. You know, challenges bring opportunity. We know that, and it is our opportunity to get things right for the American people, to make the kinds of changes that will affect their health and their safety, their quality of life and their economic livelihood.

Thank you very much for being here this morning.

With that, let me ask ranking member, Mr. Kingston, to make his opening statement.

MR. KINGSTON OPENING STATEMENT

Mr. KINGSTON. I thank the Chair for yielding.

Mr. Secretary, welcome to this committee; and we certainly look forward to working with you. I have heard lots of good things about you; and despite the fact that many of them came from Mr. Latham, I am still inclined to believe them.

As the loyal opposition here, I want to say something, though, that sometimes goes beyond this committee. Certainly it does. I am very concerned, as we all are, about the spending level of this administration so far, a deficit over $1 trillion projected.

You know, frankly, as Republicans, we did not do a very good job of controlling spending. We should have done a better job. But it now seems like those in the administration are using, well, look what the Republicans did, and so we are going to make it a lot worse. Your budget, for example, has a 12 percent increase on top of what I understand, in 2009, is about a $24 billion budget; fiscal year '10, a $26 billion budget; the stimulus, a $5.7 billion increase.

You know, I am very concerned that this stuff is just getting out of hand and that in each department of this government we need to start looking at ways to save. Now, you have rightfully raised the issue that there was $49 million paid between 2003 and 2006 to ineligible participants in farm programs because their income was too high. So they certainly should never have gotten that money, $49 million, for people who did not qualify for it. We want to join you in trying to stop that and trying to focus in on that money.

On the same hand, in 2006, overpayments in food stamps was $1.29 billion. So about—almost as high as 5 percent of the food stamp budget was paid to people who were not qualified for food stamps. I certainly hope that we can join you in pursuing that and stopping that. Because anytime that you take money away from—that you were ineligible for, you take it away from somebody who was eligible for it.

And in the same way, anytime somebody receives a benefit for not working, whether they were able to work or unable to work, that benefit was paid for by somebody who worked for it and will not get compensated for it. And we need to keep that in mind, too.

So I am looking forward to working with you. The USDA is near and dear to everybody on this committee.

Most of the issues are nonpartisan, but I think that the philosophy—and I believe with the last administration my questions about their spending were the same as my questions will be to you. I feel that sometimes just we in this town have an inertia towards spending more as a way of quieting down our critics, rather than going after some of the tougher decisions and challenging the status quo.

But I will remain a member of the loyal opposition in that respect, because I think we can work with each other on it. And, again, this is consistent with the questions I asked of the person previously in your seat.

So I yield back.

Ms. DELAURO. Thank you, Mr. Kingston.

Mr. Secretary, your full testimony will be made a part of the record, so we will ask you for your testimony. And if you choose to summarize, we are ready to listen; and then we will move to questions.

Let me welcome Mr. Steele. Thank you so much for being here. You are a staple on this dais here, Mr. Steele. So we are delighted to have you with us again this morning. Thank you.

SECRETARY VILSACK OPENING STATEMENT

Secretary VILSACK. Madam Chairman and Representative Kingston and other distinguished members of the Committee, I appre-

ciate the opportunity to appear before you to discuss the administration's priorities for the Department of Agriculture.

As the Chair indicated, I am joined today by Scott Steele, USDA's Budget Officer.

President Obama outlined three key goals for the Department of Agriculture when I agreed to serve as his Secretary of Agriculture.

First, he was very concerned about the health and welfare of America's children and wants to make sure our children have access to more nutritious food. Second, he wants to make sure we do everything we can to expand the capacity of our farms and ranches and produce alternative forms of energy. Third, he wants to make sure that we aggressively pursue research necessary to allow agriculture to transition away from its significant dependence on fossil fuels.

In addition to the President's goals, there are several other factors that will shape the direction and focus of this Department.

We face the challenges of protecting our food supply. The recent food safety emergency, where bad peanut butter products led to hundreds of illnesses and cost nine people their lives, provides a painful reminder of how tragic the consequences can be of an irresponsible firm.

It is fairly clear, after my conversations recently with those associated with the peanut industry in Georgia, that they are feeling the direct consequences of that one company's failure to maintain a safe and secure product. This illustrates the important role that food safety plays in protecting not only consumers but the integrity of markets as well, and it will shape the direction and future of USDA.

I was proud to announce in my first weeks here at USDA the publication of a final rule banning the use of nonambulatory or downer cattle in the food supply. This was an important and long-overdue action that will enhance the safety of the food supply and improve consumer confidence in our food supply.

I intend to work hard at USDA to modernize and improve the way we regulate the food supply and to take steps to drive down the incidence of food-borne illness.

USDA ECONOMIC STIMULUS FUNDING

The financial crisis we are all too familiar with has already shaped the direction the USDA will be going. With the passage of the Recovery Act, we have already begun the process of putting America back to work.

On March 9, I announced the first wave of USDA economic stimulus funding. This funding will have a significant impact not only in rural communities but in communities across the country struggling with today's tough economic times.

Consistent with the President's commitment to implement the Recovery Act in a manner that is transparent, effective, and efficient, I have established the Department of Agriculture Recovery Team to oversee the implementation of the Act. This team is headed up by my office, and it includes representatives from all mission areas that receive funding under this Act.

The projects announced on May 9 are just the first accomplishments for the team. They are continuing to work diligently to iden-

tify all actions that need to be taken to expend the money, including the identification of projects that can receive funds and expend them quickly, while establishing accountability systems or mitigating potential implementation risks.

Following the guidance established by the Office of Management and Budget, we will be able to demonstrate to the public that their dollars are being invested in initiatives and strategies that make a difference in their communities and across the country.

2008 FARM BILL FUNDING

The current drop in commodity prices and difficulties of drought and other severe weather faced by large areas of farm country add another level of complexity to the work we have before us. To address these challenges, we must implement the 2008 Farm Bill in the manner intended by Congress and provide farmers with a robust safety net and protections from market disruptions, weather disasters, pests, and disease that threaten the viability of American agriculture.

Today, I would like to use this forum to make three announcements in the area of the farm safety net that should help producers struggling with recent downturns in commodity prices.

First, in the dairy sector, in addition to last week's announcement of USDA's utilization of 200 million pounds of nonfat dry milk for school feeding programs and the TEFAP program, I would also like to announce that this week USDA will be making milk-income-lost contract payments.

Secondly, I announced today that USDA is making bonus commodity purchases to aid struggling parts of the farm sector through USDA's section 32 authority. These purchases are in the amounts of $30 million for walnuts, $25 million for pork, $60 million for turkey, and $2 million for lamb.

Lastly, in response to concerns I have heard from producers worried about the upcoming June deadline for farm program sign-up, I am announcing today that USDA will be extending the sign-up deadline to August 14. This action should provide producers with sufficient time to learn about the new ACRE Program and to make informed decisions about their sign-up options.

We also have an important role in working hard to expand exports for our agriculture products. It is significant that, while the country as a whole has a trade deficit, agriculture has a trade surplus. We need to continue to work hard, both in Washington and in our offices overseas, to encourage greater exports of American products.

The agriculture census also reveals some significant trends that will guide the Department's directions over the next several years. A significant trend was the decline of middle-sized farms. Some of these folks probably migrated into larger-sales category, but many went out of business.

Another rather startling fact is that, of the 2.2 million ranchers and farmers in this country today, 900,000 of them, almost half, have to work off the farm at least 200 days. That is pretty much a full-time job. When you factor in the average age of a farmer is increasing, a 30 percent increase in the number of farmers over the age of 75 and a 20 percent decrease in the number of farmers

under the age of 25, you see that we are at a critical juncture in rural America.

So you take all of that—the President's instructions, current events, the financial challenge in the stimulus package, and the trends in agriculture—and what it tells me is that we have a lot of work to do.

But with these challenges come historical opportunities for agriculture in rural America. I look forward to working together with this committee and all of our stakeholders to capture these opportunities for long-term benefit for producers and all Americans. With the funding in the Recovery Act and the President's 2010 budget, we have the capacity to capitalize on these opportunities. We intend to approach these issues with much greater transparency and the involvement of the full diversity of stakeholders we serve.

USDA KEY PRIORITIES

I would like to give you an overview of our key priorities. Recent economic woes have caused a dramatic increase in the number of Americans needing support through nutrition assistance programs operated by USDA. Most notably, participation in the Supplemental Nutrition Assistance Program has increased by 4.2 million Americans in the last 12 months, for a total of 31.8 million participants monthly.

The Recovery Act funding for SNAP will be released by April 1. Not only will this funding provide critically needed support for millions of Americans having trouble acquiring a nutritious diet, it will also have an immediate effect on stimulating the economy.

Participation in the Special Supplemental Nutrition Program for Women, Infants, and Children has also continued to grow substantially this year, averaging nearly 9 million participants monthly through December of 2008.

Consistent with the President's commitment to present an honest, transparent budget, we are including sufficient resources in our budget request to support estimated participation in all of the nutritional assistance programs, including an estimated average participation of 9.8 million in the WIC program in 2010. This will ensure that all eligible individuals seeking to participate will, in fact, be served.

The health care crisis dictates the need to promote improved nutrition. As reported by the Centers for Disease Control and Prevention, research shows that being obese during childhood and adolescence is associated with being overweight during adulthood.

The Department can play a key role in addressing the dual issues of childhood obesity and alleviating hunger by improving program access and enhancing the nutritional quality of school meals. We have an enormous opportunity this year as we reauthorize the child nutrition and WIC programs. An indication of our commitment to this important issue is that the administration is proposing an additional $1 billion annually to improve the child nutrition programs.

As part of reauthorization, I look forward to working with Congress to improve the quality and nutrition of meals served, expanding nutrition research and evaluation, encouraging greater con-

sumption of fruits and vegetables, which I consider anytime foods, and reducing the consumption of nonnutritious foods commonly found in vending machines, particularly in elementary and middle schools. Efforts in this area will also offer great opportunities for farmers, particularly specialty crop producers, who will benefit from greater emphasis on fruits, vegetables, and nuts in the diets of American school children.

Further, we can enhance the success of local food systems. Our international food aid program, such as the McGovern-Dole International Food for Education and Child Nutrition and P.L. 480 Title II programs are critical to addressing food insecurity throughout the world.

At the same time, however, we must go beyond providing commodities, and we must also support efforts to increase agricultural production and develop agricultural sectors in food insecure regions. Economic development not only helps these countries but also helps the United States, because as their economies grow they become more active trading partners.

We also see a number of opportunities for farmers and ranchers to capitalize on emerging domestic markets.

Agriculture has demonstrated a capacity to help meet America's energy needs with clean, renewable fuels, but our success to date is only a small part of the potential in this area. The Department will expand renewable energy opportunities and the capacity of our land, our farms, and our ranches to produce alternative forms of energy and fuel; and I look forward to working with the committee on these efforts to promote renewable energy technologies.

We also need to ensure we provide American farmers with a robust safety net, including supporting independent producers and local and organic agriculture and enforcing the Packers and Stockyards Act.

NEW TECHNOLOGIES

We also need to take advantage of new technologies like biotechnology, which will create new opportunities for jobs and increase productivity. And we can develop programs that recognize the value of farming in protecting the environment, while assisting producers in transitioning from traditional farm programs to market-based environmental service markets.

USDA is going to support developing markets that reward producers for sequestering carbon and limiting greenhouse gas emissions. Through the authority provided under the Farm Bill of 2008, we will address the metrics and certifications associated with environmental services of conservation and certain land management activities to facilitate the participation of farmers, ranchers, and forest land owners in emerging environmental service markets.

We will also increase research and analytical capabilities and conduct government-wide coordination activities to encourage the establishment of markets for these ecosystem services.

You are going to see a major effort, starting with the implementation of the Recovery Act and continuing through the implementation of the Farm Bill, to rebuild and revitalize rural communities in this country.

Of great importance to me, the budget proposal and Recovery Act are consistent with the administration's efforts to ensure that all of rural America will have access to quality broadband service, which is essential to keeping pace in a world that relies on rapid telecommunications.

The 2010 budget, combined with funding from the Recovery Act, will also provide strong support for homeownership in rural America by making mortgage credit available through direct loans and guarantees made by private lenders. This combined level of funding will provide over 165,000 homeownership opportunities for rural residents. In addition, it contains sufficient funding to assist low-income tenants of USDA-financed rental housing.

We are also proposing an innovative new initiative in the 2010 budget to support rural revitalization through incentives for teachers working in rural areas and enhancing support for rural research and extension programs at land grant and minority-serving institutions. These efforts will greatly enhance our ability to strengthen the capacity of rural America to participate in new economic opportunities that we are developing, including renewable energy and environmental services markets.

Madam Chair, I am aware of your deep interest in food safety. I share that interest. I want to work with you and members of this committee to ensure that we have the food safety system that we need to protect consumers. This should be a system that eliminates hazards before they have an opportunity to make anyone sick, but, in the event they do, a system that rapidly identifies and responds to the threat. To that end, you are going to see a very significant effort on our part to improve the safety and security of our food system.

On March 14, the President kicked off that effort by establishing a new Food Safety Working Group, of which I am a member. We will advise the President on how we can upgrade our food safety laws for the 21st century, foster coordination through government, and ensure that we are not just designing laws that will keep the American people safe but also enforcing them.

As I mentioned earlier, I am committed to implementing the 2008 Farm Bill in a timely and effective manner. This is a tremendous undertaking for the Department, and I know that USDA employees share my commitment. We appreciate the funding included in the Recovery Act that will facilitate implementation of the Farm Bill.

I want to thank the committee for providing the $50 million in recovery funds for IT stabilization and modernization for Farm Service Agency. We will continue to work with this committee to ensure that we have the resources necessary for further modifications to these IT systems, which are a critical asset needed to effectively and efficiently implement the Farm Bill and related programs.

President Obama is very clear that this budget will be transparent to the American people. It will fully account for the cost to operate government. As I described earlier, our budget meets that test. The President, in his address to Congress, stressed that we are reviewing all of our options for wasteful and ineffective spending. Therefore, the 2010 budget reflects the elimination of ear-

marks and funding for programs that are not as high a priority as others I have mentioned or provide services that can be supported by other means.

CIVIL RIGHTS POLICY

Finally, I would like to address one last area where the Department has a disturbing history. For far too long the image of the USDA has been marred by discrimination in the delivery of its programs and its employment practices. One of my first actions since arriving at the Department was to issue a civil rights policy statement that stated that discrimination will not be tolerated at USDA. To achieve this goal, we are dedicating resources necessary to improve the civil rights process within the Department.

On February 26, 2009, the President released an overview of the 2010 budget. The details of the budget proposal will be released later in the spring. We have begun the process of making tough decisions about where our priorities lie, and we have made some tough choices about where to invest our resources. These choices reflect the new direction the President wants this country to take at a historic time. In my view, the President is on the right track, the track that takes this Nation on the path to recovery, provides the foundation for diverse opportunities for farmers and ranchers to succeed as they play an increasingly important role in the 21st century American economy.

Madam Chair, that concludes my statement, and I will be pleased to take questions at this time.

Ms. DELAURO. Thank you very much, Mr. Secretary.

[The information follows:]

Statement by
Thomas Vilsack
Secretary of Agriculture
Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
Committee on Appropriations, U.S. House of Representatives
March 31, 2009

Madam Chairwoman and distinguished members of this Committee, I appreciate the opportunity to appear before you as Secretary of Agriculture to discuss the Administration's priorities for the Department of Agriculture (USDA). I would also like to take this opportunity to provide you an overview of the President's 2010 budget and update you on our efforts to implement the American Recovery and Reinvestment Act (ARRA) of 2009. I am joined today by Scott Steele, USDA'S Budget Officer.

It is a great honor and privilege to lead the Department of Agriculture at this crucial time. When I accepted this position, the President outlined three key goals for the Department of Agriculture. First, he is very concerned about the health and welfare of America's children and wants to make sure our children have access to nutritious food. Second, he wants to make sure we do everything we can to expand the capacity of our farms, ranches, and rural communities to produce alternative forms of energy. Third, he wants to make sure we aggressively pursue the research necessary to allow agriculture to transition away from its significant dependence on fossil fuels. Fulfilling these goals will be a great challenge, particularly in the context of meeting challenges in the Department's other responsibilities including food safety, conservation, trade, and

administering the farm safety net. The current economic situation and difficulties of drought and other severe weather faced by large areas of farm country add another level of complexity to the work we have before us. As a sign of more difficult financial conditions, the index of prices received by farmers for all farm products was 13 percent lower in February 2009 compared to February 2008, according to the National Agricultural Statistics Service. Furthermore, the Economic Research Service forecasts that net farm income will drop 20 percent in 2009 from the record level set in 2008.

But, with these challenges come historic opportunities for agriculture and rural America. I look forward to working together with this Committee to fulfill the President's goals and our key responsibilities for the long term benefit of producers and all Americans. We intend to capitalize on these opportunities quickly through a much more effective effort to coordinate programs within the various parts of the Department and with other Federal, State, and local entities. I have also stressed three key goals for the Administration: 1) modernize the workforce, 2) have science guide policy making in the Department, and 3) approach issues with much greater transparency and involvement of the full diversity of stakeholders we serve.

RECOVERY ACT:

Before I discuss my key priorities, I would like to update you on the steps we are taking to meet the President's commitments to implement ARRA in a manner that is transparent, effective, and efficient. Our economy is in the midst of a crisis unlike any

we have seen in our lifetime. Through President Obama's leadership and implementation ARRA, we will create jobs, jump start growth and transform the economy to compete in the 21st century. USDA intersects the lives of every American, every day, and the funds Congress has provided to us will play a significant role in stimulating our Nation's economy. We have put in place management oversight throughout USDA to focus efforts on planning, awarding, managing, and overseeing contracts and grants in a way that meets the President's and taxpayers' expectations.

I have established the Department of Agriculture Recovery Team to oversee the implementation of the Act. This team is headed up by my office and includes representatives from all mission areas that received funding under the Act. The team meets three times each week and reports to me on a weekly basis. At this time the team is working to identify all actions that need to be taken to quickly and responsibly expend the money provided in ARRA, including identifying projects that can receive funds, and establishing accountability systems for mitigating potential implementation risks.

Following the guidance established by the Office of Management and Budget, we will be able to demonstrate to the public that their tax dollars are being invested in initiatives and strategies that make a difference in their communities and across the country. To facilitate transparency and accountability, we have established a webpage (http://www.usda.gov/recovery) dedicated to ARRA, which will provide specific information as our efforts to implement the Act proceed. We also want to ensure the

Committee is fully informed of our progress and we will be providing regular reports to you on the actions we are taking.

I would now like to give you the highlights of my priorities, USDA's budget, and an overview of our efforts to implement USDA's provisions of ARRA.

NUTRITION:

Recent economic woes have caused a dramatic increase in the number of Americans needing support through the nutrition assistance programs operated by USDA; most notably participation in the Supplemental Nutrition Assistance Program (SNAP) has increased by 4.2 million in the last 12 months to a total of nearly 31.8 million participants monthly. We have taken the steps necessary to provide the 13.6 percent increase in all SNAP beneficiaries' monthly allotment included in ARRA by April 1. Not only will this funding provide a critically needed nutrition supplement for millions of Americans having trouble acquiring a nutritious diet, it will also have an immediate effect in stimulating the economy. According to a study by the Economic Research Service, for every $5 that is spent in SNAP, $9.20 of economic activity is generated. (ERS study "Food Stamp Benefits provide Fiscal Stimulus" http://www.ers.usda.gov/AmberWaves/April08/PDF/FoodAssistance.pdf). We have also made available half of the administrative funds for SNAP and The Emergency Food Assistance Program (TEFAP) provided in ARRA, with the remainder scheduled to be made available in 2010.

Participation in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) has also continued to grow substantially this fiscal year, averaging nearly 9 million participants monthly through December 2008. Consistent with the President's commitment to present an honest, transparent budget, we are including sufficient resources to support estimated participation in all of the nutrition assistance programs, including an estimated average participation of 9.8 million in the WIC program in 2010, which will ensure that all eligible individuals seeking to participate will be served.

For 2008, the Department of Health and Human Services estimates that total health care spending represented nearly 17 percent of the gross domestic product (GDP). The healthcare crisis dictates the need to focus on prevention, including promoting improved nutrition. As reported by the Centers for Disease Control and Prevention (CDC), research shows that being obese during childhood and adolescence is associated with being overweight during adulthood. Approximately, 16 percent of children and adolescents are overweight in the U.S. today. Data from 1971 to 1974 compared to 2003 to 2006 show dramatic increases in obesity among all child age groups. Among preschool-aged children, aged 2–5 years, the prevalence of obesity increased from 5.0 percent to 12.4 percent. Among school-aged children, aged 6–11 years, the prevalence of obesity increased from 4.0 percent to 17.0 percent. And among school-aged adolescents, aged 12–19 years, the prevalence of obesity increased from 6.1 percent to 17.6 percent. Recent data indicates that mothers and

caregivers know about healthy eating, yet struggle with turning that knowledge into healthy meals and snacks for their families. (CDC study entitled "Childhood Overweight and Obesity" http://www.cdc.gov/nccdphp/dnpa/obesity/index.htm).

Obesity is not the only challenge for children the President's Budget addresses. At the same time, childhood hunger remains a concern. Our latest information shows that 16 percent of households with children could not put adequate food on the table. In about one percent of American families with children, one or more children simply do not get enough to eat – they had to cut the size of their meals, skip meals, or even go whole days without food at some time during the year. Nearly 700,000 children face these hardships.

The Department can and will play a key role in addressing the dual issues of childhood obesity and alleviating hunger by improving program access and enhancing the nutritional quality of school meals. We have an enormous opportunity to take strides toward fulfilling the President's goal of eliminating childhood hunger and reducing obesity with the expiration of, and upcoming reauthorization of the Child Nutrition and WIC programs. As an indication of the Administration's commitment to this important issue, the President's budget proposes an additional $1 billion annually to improve the Child Nutrition Programs. I look forward to working with Congress on the Child Nutrition reauthorization bill to expand participation in these programs to ensure that children receive assistance when and where they need it; improve the quality and nutrition of meals served; expand nutrition research and promotion; and encourage

greater consumption of healthy foods including fruits, vegetables, low-fat dairy products, and whole grains. Additionally, it is important to take steps to improve the nutritional quality of foods made available outside of the child nutrition programs through vending machines and the rest of the school environment.

Efforts in this area will also offer great opportunities for farmers, particularly specialty crop producers who will benefit from a greater emphasis on fruits, vegetables and nuts in the diets of American school children. Many of these producers are smaller-size farms and I believe we should create enhanced opportunities for these producers through promoting healthy eating and developing local food systems.

All of these efforts to improve school-focused nutrition will benefit from the updated *Dietary Guidelines for Americans*, which will be completed in 2010. The *Dietary Guidelines for Americans* update process is led by USDA in partnership with the Department of Health and Human Services. Both Departments speak with one nutrition voice. The *Dietary Guidelines* will convey nutrition, diet, and physical activity messages based on the most up-to-date evidence-based science supported by USDA's nutrition evidence analysis library and recommended by the Dietary Guidelines Advisory Committee's Report. Once completed, this Federal nutrition policy will be effectively communicated to nutrition educators, health professionals, and most importantly, consumers. This will require modifying the *MyPyramid* food guidance system and the nutrition education programs accordingly. Also, USDA will make appropriate changes

to the meal patterns in the nutrition assistance programs, since they are based on the *Dietary Guidelines*.

RENEWABLE ENERGY AND THE ENVIRONMENT:

Agriculture has demonstrated a capacity to help meet America's energy needs with clean renewable fuels but much work remains to be done to achieve the full potential of agriculture's capacity to reduce our dependence on foreign oil. The Nation looks to the Department, working with the Department of Energy (DOE), to lead the way in promoting and developing policies that will lead to an increase in the production of renewable energy. We also must take steps to combat global climate change. The Department and DOE will expand energy opportunities and our capacity to produce alternative forms of energy and fuel from our farms, ranches, and rural communities. To that end, the Administration proposes increased funding in 2010 to enhance the development and commercialization of improved technologies for renewable energy production.

I look forward to working with the Committee on these efforts to promote renewable energy technologies, like biofuels, wind, solar and geothermal energy, and to help develop markets that reward producers for sequestering carbon and limiting greenhouse gas emissions. Through these policies, we will be able to deliver significant environmental benefits to all Americans, like clean air, water and improved fish and wildlife habitat. We will also need to work to help ensure the vitality of the nascent

biofuels industry and to provide the research necessary to accelerate the development of next-generation biofuels that have the potential to significantly improve our energy independence.

On the conservation side, the budget proposal recognizes the importance of USDA's partnership with landowners to conserve land, protect wetlands, improve wildlife habitat, expand hunting and fishing opportunities, and promote other conservation initiatives. Hunters and fisherman are important stewards of our natural resources and we should support responsible access to the land for their use. The budget supports several conservation programs authorized in the 2008 Farm Bill, including the Conservation Stewardship Program, the Conservation Reserve Program, the Wetlands Reserve Program and the Environmental Quality Incentives Program.

FARM SAFETY NET:

One of my top priorities as Secretary is to provide American farmers with a robust safety net that provides protection from market disruptions, weather disasters, pests and disease that threaten the viability of American agriculture. The President's Budget proposes to maintain the three-legged stool of farm payments, crop insurance, and disaster assistance. In keeping with the President's pledge to target farm payments, the budget proposes a hard cap on all program payments at $250,000 and to phase out direct payments to the largest producers. Though controversial, we all need to pitch in to support the President's goal to cut the deficit in half. Our Nation depends

on a safe and abundant food supply, and I will work diligently to promote policies that support the farmers and ranchers we all depend on.

The Department must also create real and meaningful opportunities for farmers and ranchers to succeed. We can do this through some of the actions I have already discussed and through other actions, including supporting independent producers and local and organic agriculture, and enforcing the Packers and Stockyards Act. At the same time, the budget recognizes that we can help transition farmers to earn income from market-based environmental services, such as carbon credits.

USDA believes that the agriculture and forestry sectors hold the potential to deliver substantial emissions reductions, including carbon sequestration, under a national climate change policy. As a result of this potential, new economic opportunities may be created for farmers and foresters. This vision is shared with a wide variety of renewable energy, conservation, and agricultural organizations.

At my direction, USDA will support developing markets that reward producers for sequestering carbon and limiting greenhouse gas emissions. Through the authority provided under the 2008 Farm Bill, USDA will develop the metrics and certifications associated with the environmental services of conservation and certain land management activities to facilitate the participation of farmers, ranchers, and forest landowners in the emerging environmental services markets. USDA will also increase

its research and analytical capabilities and conduct Government-wide coordination activities to encourage the establishment of markets for these ecosystem services.

These ecosystem services markets, along with conservation and renewable energy programs, offer farmers and ranchers new sources of revenue that also create public benefits for all Americans, such as clean water, clean air, and wildlife habitat.

RURAL DEVELOPMENT

It is one of my top priorities to work to rebuild and revitalize rural communities in this country. Starting with the implementation of ARRA and continuing through implementation of the Farm Bill, USDA will expand broadband networks in rural communities, increase investment in rural infrastructure, and develop renewable energy. The budget puts a strong emphasis on rural economic development, providing more than $20 billion in loans, loan guarantees, and grants to support rural development activities. Of great importance to me, this budget proposal is consistent with the Administration's efforts to ensure that all of rural America will have access to quality broadband service, which is essential to keeping pace in a world that relies on rapid telecommunications.

Through ARRA, USDA has been provided billions of dollars for a major effort to expand broadband to unserved areas. Development of high speed communication capacity will create opportunities for businesses to prosper in rural communities and

give them greater access to world-wide markets. It will also enhance health and educational services in rural areas and improve the competitiveness of rural communities. In the next several months, we will be soliciting applications for the Broadband Program under ARRA. We are working closely with the Department of Commerce to coordinate the allocation of these funds to the highest quality projects and I look forward to working with State and local governments and this Committee to ensure that we are supporting rural economic development.

The 2010 budget, combined with funding from ARRA, also provides strong support for homeownership in rural America by making mortgage credit available through direct loans and guarantees of loans made by private lenders. The combined level of funding in the budget and ARRA will provide over 165,000 homeownership opportunities for rural residents. In addition, the budget contains sufficient funding to assist 280,000 low-income tenants of USDA-financed rental housing.

ARRA has also provided some of the resources needed to rebuild the basic infrastructure of rural America, starting with wastewater treatment facilities. These essential community facilities address health hazards and improve the quality of life for rural residents while encouraging business and industrial development. ARRA also provides funding for other vital programs, including the Community Facility Program, Business and Industry Loan Program, Rural Business Enterprise Grants, farm loans, and the Forest Service maintenance program. On March 9, 2009, USDA announced $540 million of ARRA funding for rural water and waste disposal facilities. This funding

will be used for shovel ready projects and includes both grants and direct loans. We anticipate that nearly 29,900 jobs will be created through this funding. As additional funding is made available, even more jobs will be created.

The 2010 Budget also includes additional funding for the Rural Microentrepreneur Assistance Program that was authorized by the 2008 Farm Bill. This program will provide loans and grants to nonprofit entities for training, technical assistance and making loans of up to $50,000 to small businesses in rural areas. It is part of a broader initiative within USDA that also includes rural cooperative development grants, value-added producer grants, grants to minority producers and cooperative research agreements, designed to support small business development and job creation in rural communities.

We are also proposing an innovative new initiative in the 2010 Budget to support rural revitalization through incentives for teachers working in rural areas and enhanced support for rural research and extension programs at the land grant and minority serving institutions. These efforts will greatly enhance the competitiveness of rural communities struggling to keep up. I look forward to working with the Committee on this important effort.

CREDIT SITUATION IN RURAL AREAS:

The Budget, coupled with ARRA, provides substantial assistance to address the tightening of credit in rural areas as a ripple effect of the Nation's overall credit crisis. Under ARRA, sufficient funding is provided for the Farm Service Agency to extend credit to over 2,200 family farmers that require credit assistance to begin spring planting. In Rural Development, there is additional funding to support rural homeownership, rural business and industry development, and broadband access. While some of this funding is for direct loans financed by the Government, a substantial portion is for loans made by private sector lenders and guaranteed by the Government. This kind of partnership not only provides immediate assistance for the people who obtain such loans, but it also encourages private sector lenders and investors to extend their outreach to help rebuild rural America.

FOOD SAFETY:

Soon after I became Secretary, we learned of food safety problems associated with peanut butter. Although not directly a USDA responsibility, the peanut butter recall did have implications for purchases we make for schools and more broadly raises the critical importance of food safety. Madam Chairwoman, I am aware of your deep interest in food safety. I share that interest and greatly look forward to working with you to ensure that we have the food safety system we need to protect consumers. At USDA, we must continue to improve our system by directing resources to the greatest

risk of contamination. We must focus on eliminating hazards before they have an opportunity to make anyone sick, developing technologies that will help us discover risks and allocate resources to reduce this risk, and during outbreaks rapidly identify and respond to incidents of foodborne illness. To that end, you are going to see a very significant effort on our part to improve the safety and security of our food system. On March 14, the President kicked off that effort by establishing a new Food Safety Working Group of which I am a member. We will advise the President on how we can upgrade our food safety laws for the 21st century; foster coordination throughout government; and ensure that we are not just designing laws that will keep the American people safe, but enforcing them.

I am proud of the work that USDA does. We have thousands of dedicated workers in meat, poultry, and egg processing facilities all across this country making sure that the food that we consume is safe. But, we need to continue to work to do a better job. We are committed to modernizing the food system, focusing on preventing rather than mitigating the consequences of food-borne illness. Food-borne illness affects everyone from the consumer back down to the producer and taxes our health care system far more than it should. Our budget proposal for 2010 includes additional resources to improve food safety inspection and assessment and to enhance the ability to determine food safety risks. I am also proud to be a part of the Food Safety Working Group and look forward to meeting with you on ideas to improve the food safety system.

TRADE:

USDA also has an important role in working hard to expand exports of our agricultural products. It is significant that, while the country as a whole has a trade deficit, agriculture has a trade surplus. USDA estimates that the trade surplus for agricultural products will be $13 billion in FY 2009. The Foreign Agricultural Service does a tremendous job and we need to continue to work hard both in Washington and in our offices overseas, to encourage greater exports of American products. That requires us to focus on overseas market signals and adapt our practices and procedures to the demands of customers around the world. We must also continue our efforts to break down trade barriers that limit our capacity to export, such as the imposition of sanitary and phytosanitary barriers that are not in accord with international standards or science-based. As the world market conditions deteriorate under the current financial crisis, we must be especially vigilant to ensure that we keep markets open as we move forward.

In this regard, the Office of Inspector General issued a report in February that recommends the Department develop and implement a coordinated, comprehensive strategy for promoting the export of genetically engineered agricultural commodities. I believe the report has merit and have directed officials in the Research, Education, and Economics mission area to lead a Department-wide effort to develop such a comprehensive strategy. The framework for developing the strategy is to be completed within 6 months.

Another important focus of the Department's international work is providing foreign food assistance and promoting agricultural development overseas. The U.S. Government's international food aid programs, such as the McGovern-Dole International Food for Education and Child Nutrition and P.L. 480 Title II programs are critical to addressing food insecurity throughout the world and supporting development, health, and nutrition. In 2009, USDA expects to assist 4 million people through the McGovern-Dole Program. We must go beyond providing commodities, to supporting efforts to increase agricultural production and develop agricultural sectors in food-insecure regions. Economic development not only helps these countries but also helps farmers in the United States as developing economies grow and become more active trading partners.

Expanding our access to world markets continues to be a vital part of our strategy to improve the vitality of the farm sector and quality of life in rural areas. In this regard, we need to ensure that we have the capacity at the Federal level to deal with agricultural trade issues and the promotion of our products in a global economy. The Foreign Agricultural Service (FAS) leads our international efforts in the Department. Recently, the agency has faced a serious budget shortfall that raised questions about its continued ability to carry out its activities both here and overseas.

This shortfall arose due in large part to developments that occurred after the 2009 budget had been formulated and submitted to Congress, including an urgent need to rebuild components of the FAS IT infrastructure. We have worked hard to address

the situation and I appreciate the Committee's support in providing additional resources in 2009. I am pleased to report that, with a great deal of effort and diligence on the part of many, we have identified and set in place a plan that addresses the shortfall and will ensure that FAS can continue to deliver its services in support of our farmers and ranchers. The plan will require cooperation from other agencies, such as the State Department, and we are now working with those agencies. I also want to provide assurances to the Committee that we have taken FAS' situation into account in developing our 2010 budget proposals for the agency.

IMPLEMENTING THE FARM BILL:

I am also committed to continue implementing the 2008 Farm Bill and to do so in a way that is consistent with Congressional intent. This is a tremendous undertaking for the Department, and I know that USDA employees share my commitment. We are appreciative of the funding included in ARRA that will facilitate the implementation of the Farm Bill. I want to thank the Committee for providing $50 million in ARRA funds for IT stabilization and modernization for the Farm Service Agency. We are currently developing a detailed plan that will clearly identify how this funding will be used. We will continue to work with the Committee to ensure we have the resources needed to make further modifications to these IT systems, which are critical assets needed to efficiently implement the Farm Bill and all of our programs. These IT modifications will create a modern web-based environment that will increase administrative efficiency, reduce improper payments, and improve customer service and information security.

We are moving aggressively to implement the provisions of the 2008 Farm Bill. In accordance with the memorandum issued by White House Chief of Staff Rahm Emanuel, we have reviewed the regulatory actions that have been taken to implement the Farm Bill and have taken immediate steps to provide a more transparent, inclusive, and collaborative process. Based on this review, we have reoriented our priorities and have established a timetable to ensure prompt implementation. Attached to this testimony is a list of the high priority actions that USDA needs to complete to finish implementing the Farm Bill.

As an example of the steps we are taking to accelerate the implementation of the 2008 Farm Bill, we are making funding available over the next several weeks to implement several energy provisions. We will issue notices announcing the availability of funding and begin soliciting applications as soon as possible. This approach will get funding out quicker so it can have a more immediate impact on the economy.

We are placing a high priority on implementing the Farm Bill's conservation provisions promptly. We are working diligently to complete an interim final rule to fully implement the Conservation Stewardship Program (CSP). I have made this a high priority and will be personally involved in facilitating the implementation of this program in a timely manner. We expect to complete this action in the next several months and publish the interim final rule in the Federal Register.

We are also working diligently to develop regulations to implement the Supplemental Revenue Assistance Program (SURE) and other disaster assistance programs. We are currently reassessing the regulatory and software development efforts in light of the changes enacted by ARRA. However, we are on track to issue regulations by November 2009, well ahead of the date when the data will be available to calculate payments.

In an era of market consolidation, the Administration will support policies to ensure that family and independent farmers have fair access to markets, control over their production decisions, and transparency in prices. This includes implementation of Farm Bill-related regulations to enhance enforcement of the Packers and Stockyards Act. Proper enforcement of the Packers and Stockyards Act will ensure a level playing field for farmers that fosters fair competition, provides payment protection, and guards against deceptive and fraudulent trade practices in the livestock and meat sectors.

FISCAL RESPONSIBILITY:

President Obama is very clear that this budget will be transparent to the American people. It will account fully for the costs to operate the government. As I described earlier, our budget meets this test. As the President stressed in his Address to Congress, we're reviewing all of our operations for wasteful and inefficient spending. One of my first actions was to ask each acting member of the sub-cabinet and in turn each staff person at the Department of Agriculture, to seek out, execute and report on

"savings" each week. We have saved hundreds of thousands of dollars by eliminating unnecessary travel and conferences, increasing administrative efficiency, and terminating contracts that are no longer needed. The savings generated by these actions are being put to better use on higher priority activities. The 2010 budget also reflects the elimination of earmarks and funding for programs that are not as high a priority or provide services that can be supported by other means.

CIVIL RIGHTS:

Finally, I would like to address one area where the Department has a disturbing history. For too long, the image of USDA has been marred by discrimination in the delivery of its programs and through its employment practices. One of my first actions upon arriving at the Department was to issue a civil rights policy statement that clarified that discrimination will not be tolerated in USDA. To achieve this goal, we are dedicating the resources necessary to improve the civil rights process within the Department. Examples of recent progress include: establishing a working group to properly collect demographic information about USDA's constituents so that we can identify where discrimination may be occurring; instituting provisions of the 2008 Farm Bill, including the receipt for service, that help the Department focus on improving civil rights; and conducting an assessment of the Department's civil rights and outreach business processes to find ways to improve the efficiency and effectiveness of our programs.

SUMMARY:

On February 26, 2009, the President released an overview of the 2010 budget. The details of the budget proposal will be released later this spring. At this time, I can report that for USDA, the budget proposes nearly $26 billion in discretionary funding, or 12 percent above the $23.2 billion in the 2009 Omnibus spending bill. This excludes funding provided by ARRA.

We have begun the process of making tough decisions about where our priorities lie and have made some tough choices about where we spend our resources. These choices reflect the new direction the President wants to take the country at this historic time-- a track that takes the Nation on the path to recovery and provides the foundation and diverse opportunities for farmers and ranchers to succeed.

Attachment 1

USDA's 2008 Farm Bill -- High Priority Actions
MARCH 31, 2009

2008 Farm Bill Title	Agency	Title	Next Stage	Interim Rule/Proposed Rule/NOFA/ NOSA/NOCP/ RFP Actual or Estimated Publication Date	Final Rule Estimated Publication Date
I	FSA	Payment Eligibility and Payment Limitation	Final Rule	**29-Dec-08 (IFR)** *Comment Period Extended as of 2/5/09*	Oct-09
I	FSA	Sugar Program	Final Rule	N/A	Apr-09
I	FSA	Marketing Assistance Loans and Loan Deficiency Payments (Including Honey & Cooperative Marketing Associations)	Final Rule	N/A	Apr-09
I	FSA	Dairy Product Price Support Program	Final Rule	N/A	Jun-09
I	FSA	Farm Storage Facility Loan & Sugar Storage Facility Loan Programs	Final Rule	N/A	Sep-09
I	FSA	Prevention of Deceased Individuals Receiving Payments Under Farm Commodity Programs	Interim Final Rule	N/A	Sep-09
I	AMS	Dairy Research and Promotion Amended Expansion and Import Assessments	Interim Final Rule	Jun-09	FY 2010
II	NRCS	Agricultural Water Enhancement Program	RFP	**14-Jan-09**	N/A
II	NRCS	Chesapeake Bay	NOFA	**22-Jan-09**	N/A
II	NRCS	Cooperative Conservation Partnership Initiative	NOFA	**10-Mar-09**	N/A
II	NRCS	Conservation Stewardship Program	Interim Final Rule	Jun-09	FY 2010
II	FSA	Conservation Reserve Program - part 1	Interim Final Rule	Jun-09	FY 2010
II	FSA	Grassroots Source Water Protection Program	Final Rule	N/A	Nov-09

USDA's 2008 Farm Bill -- High Priority Actions
MARCH 31, 2009

2008 Farm Bill Title	Agency	Title	Next Stage	Interim Rule/Proposed Rule/NOFA/ NOSA/NOCP/ RFP Actual or Estimated Publication Date	Final Rule Estimated Publication Date
II	FSA	Voluntary Public Access	Interim Final Rule	N/A	Jun-10
II	FSA	Conservation Reserve Program - part 2 (requires EIS for NEPA)	Proposed Rule	Long Term Action	Long Term Action
III	No remaining high priority actions to implement for this title.				
IV	CSREES	FY 2009 Healthy Urban Food Development Enterprise	RFA	Apr-09	N/A
IV	FNS	Senior Farmers' Market Nutrition Program Provisions	Final Rule	N/A	Jun-09
IV	FNS	SNAP: Major System Failures	Proposed Rule 1/	Dec-09	Dec-10
IV	FNS	SNAP: Privacy Protections of Information from Applicant Households	Interim Final Rule	Jan-10	Jan-11
IV	FNS	Eligibility, Certification, and Employment and Training Provisions	Proposed Rule 1/	Mar-10	Sep-11
IV	FNS	SNAP: Retailer Sanctions/General Provisions	Proposed Rule 1/	Jun-10	Jun-11
V	FSA	Farm Loan - Loan Servicing	Proposed Rule	May-09	Dec-09
V	FSA	Farm Loan Program - Loan Making	Proposed Rule	Jul-09	Mar-10
V	FSA	Farm Loan Program - Conservation Loan Guarantee Program	Proposed Rule	Sep-09	May-10
V	FSA	Beginning Farmer and Rancher Individual Development Accounts Pilot Program	NOFA	CY 2009	N/A
VI	RD	Value-added agricultural market development program grants	NOFA 2/	Apr-09	N/A
VI	RD	Rural cooperative development grants	NOFA 2/	Apr-09	N/A
VI	RD	SEARCH Grants	NOFA 2/	Apr-09	N/A

USDA's 2008 Farm Bill -- High Priority Actions
MARCH 31, 2009

2008 Farm Bill Title	Agency	Title	Next Stage	Interim Rule/Proposed Rule/NOFA/ NOSA/NOCP/ RFP Actual or Estimated Publication Date	Final Rule Estimated Publication Date
VI	RD	Agriculture innovation center demonstration program	NOFA 2/	Apr-09	N/A
VI	RD	Rural Microentrepreneur Assistance Program	NOSA 2/	May-09	N/A
VI	RD	Rural Broadband Program	Interim Final Rule	Jun-09	FY 2010
VII	CSREES	Veterinary Medicine Loan Repayment Program	Interim Final Rule	Apr-09	Sep-09
VIII	NRCS	Healthy Forest Reserve Program	Final Rule	**14-Jan-09 (NPRM)** Comment Period Extended	Jun-09
IX	RD	9003 -- Biorefinery Assistance	NOFA 2/	**20-Nov-08**	N/A
IX	RD	9005--Bioenergy Energy for Advanced Biofuels	NOCP 2/	Apr-09	N/A
IX	RD	9007--Rural Energy for America Program: Energy Audit Grants	NOSA 2/	**11-Mar-09**	N/A
IX	RD	9007--Rural Energy for America Program: Feasibility and REAP	NOSA 2/	Apr-09	N/A
IX	RD	9004--Repowering Assistance	NOFA 2/	Jul-09	N/A
IX	RD	9009--Rural Energy Self-Sufficiency Initiative	Proposed Rule	FY 2010	FY 2010
IX	FSA	9010--Feedstock Flexibility Program for Bioenergy Producers	Proposed Rule	Aug-09	Feb-10
IX	FSA	Biomass Crop Assistance Program (requires EIS for NEPA)	Final Rule	N/A	Jun-10
IX	DA	Biobased Labeling Program	Proposed Rule	Apr-09	Jul-09
X	AMS	Specialty Crop Block Grants	Final Rule	**4-Sep-08**	Mar-09
X	AMS	Farmers Market Promotion Program	Proposed Rule	Apr-09	Aug-09
X	AMS	Farmers Market Promotion Program	NOFA	**13-Mar-09**	N/A

USDA's 2008 Farm Bill -- High Priority Actions
MARCH 31, 2009

2008 Farm Bill Title	Agency	Title	Next Stage	Interim Rule/Proposed Rule/NOFA/ NOSA/NOCP/ RFP Actual or Estimated Publication Date	Final Rule Estimated Publication Date
X	APHIS	Revision of Plant-Related Biotech Regulations	Final Rule	**9-Oct-08**	Long Term Action
XI	FSIS	Mandatory Inspection of Catfish	Proposed Rule	May-09	Dec-09
XI	FSIS	Interstate Shipment of Meat and Poultry Products Inspected by Federal and State Agencies for Certain Small Establishments	Proposed Rule	May-09	Dec-09
XI	FSIS	Food Safety Improvement Regulations	Proposed Rule	FY 2009	FY 2010
XI	GIPSA	Packers and Stockyards Act, 1921 - Regulations	Proposed Rule	Jul-09	Dec-09
XI	GIPSA	Production Contracts	Proposed Rule	Jul-09	Dec-09
XII	RMA	Common Crop Insurance Policy Basic Provisions: Definition of Organic Crop, Delay Claim for Farm Stored Production; Denial of Claims; Crop Production on Native Sod	Final Rule	**24-Nov-08 (IFR)**	Jun-09
XII & XV	FSA	Livestock Indemnity Program	Interim Final	N/A	Jul-09
XII & XV	FSA	Livestock Forage Disaster	Final Rule	N/A	Jul-09
XII & XV	FSA	Supplemental Revenue Assistance Payment Program & Noninsured Disaster Assistance Program	Final Rule	N/A	Nov-09
XII & XV	FSA	Tree Assistance Program	Interim Final Rule	N/A	Long Term Action
XII & XV	FSA	Emergency Assistance - Livestock, Honey Bees, & Farm-Raised Fish	Final Rule	N/A	Long Term Action
XII & XV	FSA	Noninsured Crop Disaster Assistance Program	Final Rule	N/A	Long Term Action

1/ Codifying statutory provisions already implemented
2/ Will be followed by rulemaking.

NOCP - Notice of Contract Proposals
NOFA - Notice of Funds Availability
NOSA - Notification of Solicitation of Applications
RFA -- Request for Applications
RFP - Request for Proposals

Secretary of Agriculture Tom Vilsack

Tom Vilsack was sworn in as the 30th Secretary of the U.S. Department of Agriculture (USDA) on January 21, 2009. Appointed by President Barack Obama, Vilsack received unanimous support for his confirmation by the U.S. Senate.

Secretary Vilsack has served in the public sector at nearly every level of government, beginning as mayor of Mt. Pleasant, Iowa in 1987, and then as state senator in 1992. In 1998, he was the first Democrat elected Governor of Iowa in more than 30 years, an office he held for two terms.

Throughout his campaign for Governor, Vilsack articulated a vision for making Iowa the Food Capital of the World and focusing on creating economic opportunity in rural communities and small towns through value-added agriculture. As Governor, he created the Iowa Food Policy Council to advance local food systems, enhance family farm profitability, and combat hunger and malnutrition. He led trade missions to foreign countries to market agricultural products and attended the Seattle meeting of the World Trade Organization (WTO) to push for expanded agricultural trade negotiations. In addition, he worked to support independent farmers and ranchers by enacting livestock market reform and mandatory price reporting legislation in 1999.

Vilsack was a leader among his colleagues. In addition to serving on the National Governors Association Executive Committee, he also served as chair of the Governors Ethanol Coalition, chair of the Democratic Governors Association, and founding member and chair of the Governors Biotechnology Partnership. As chair of the National Governors Association Committee on Natural Resources, Vilsack promoted private lands conservation and advanced the concept of tying farm payments to conservation commodities. Vilsack's national *Private Lands, Public Benefits* conference focused attention on the need to address conservation challenges by providing incentives to private landowners to implement conservation practices resulting in clean air, clean water, and enhanced wildlife habitat. He also created a comprehensive conservation program in Iowa to encourage and assist landowners in installing buffer strips, restoring wetlands, and rewarding good conservation practices.

During his tenure as Governor, Tom Vilsack initiated a comprehensive effort to increase economic opportunity and create good-paying jobs. He started Vision Iowa, a program to invest in cultural and recreational infrastructure throughout the state. A combination of venture capital initiatives created an entrepreneurial environment for innovation and new ideas to get started; and the Iowa Values Fund provided an economic growth strategy focused on creating and retaining jobs in targeted sectors including life sciences, financial services, and advanced manufacturing. Each of these initiatives created under Vilsack's administration contributed to the rebuilding of local economies in small towns and rural communities across the state.

In addition to state economic investment, Vilsack's leadership and vision were instrumental in transforming Iowa to an energy state. His policies led to the construction of Iowa's first power facility in two decades and made Iowa a leader in alternative energy and renewable fuels. Vilsack created a regulatory and financial environment in Iowa for wind energy

BIOGRAPHICAL SKETCH

W. Scott Steele

W. Scott Steele is USDA's Budget Officer and Director of the Office of Budget and Program Analysis (OBPA). He also serves as the Department's Performance Improvement Officer. He reports directly to the Office of the Secretary of Agriculture. He is also a member of the Senior Executive Service with the Presidential Rank of Distinguished Executive.

Over his long career at USDA, Dr. Steele has held a range of positions: senior economist, research manager, senior policy analyst, and Deputy Budget Director. In these former positions, his leadership role involved the management of analytical efforts associated with budget, regulatory and legislative actions covering the broad range of USDA's mission areas. He also has had a long history in coordinating analytical work related to appropriations legislation as well as Farm Bill legislation dating back to the 1977 Farm Bill. After passage of both the 2002 and 2008 Farm Bills, he was assigned a lead coordinating role in USDA's implementation of this legislation.

Early in his career he was engaged in USDA's international programs and activities and was a leading expert on world food security issues. For several years he headed U.S. Delegations to the Committee on World Food Security under the auspices of the Food and Agriculture Organization of the United Nations.

He is a native of Latrobe, Pennsylvania, a small town in rural western Pennsylvania. He attended The Pennsylvania State University receiving a Bachelor's Degree in Business Administration, a Master's in Economics and Doctorate in Agricultural Economics. He is a member of the American Association of Budget and Program Analysis and the Agricultural and Applied Economics Association. Over his career he has been the recipient of three Presidential Rank Awards for his service to USDA and the Federal Government, the most recent of which was awarded in 2008.

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FOOD SAFETY

Ms. DeLauro. Let me just pick up on the food safety issue, if I might, and just get some more information from you and how you see this effort moving forward.

It was after the peanut butter debacle you said you favored a single food agency. I don't think you have given more details yet about what you would like to see. Can you expand on the thinking, your thinking on this issue? Do we need a single food agency? If so, how should it be structured? Where, in your view, should it be located? USDA? FDA? An independent agency?

You mentioned the independent Food Safety Working Group, and I understand that two-thirds of the working group has yet to be confirmed but would like to get your thoughts on this issue of a single food agency.

Secretary Vilsack. Well, first and foremost, let's start with the statistical basis for our concern. According to recent data, 75 million Americans suffer a food-borne illness at some point in time during the year, 325,000 of them are hospitalized, and over 5,000 die.

I think most in this committee—all of this committee and all of Congress would admit that those numbers are startling and unacceptable and reflect the need for us to reform the system.

I appreciate the President directing myself and the Secretary of Health and Human Services to head up this working group for the purpose of determining the appropriate steps to improve our food safety system. I anticipate that this working group will work in concert with staff, once the confirmations take place, to begin the process of asking the critical question, what steps do we have to take?

And I think the first question that has to be asked is, what is the controlling philosophy behind the food safety system? Is it one of prevention or is it one of mitigation?

It seems to me that today what we have is a circumstance where we may have competing philosophies. With USDA focused primarily on prevention through its inspection regulation system, the FDA, because of the quantity of work that it is required to do and the fact that it has probably been difficult for them to do all the work they have to do with the staffing requirements that they are currently meeting, they have been focused on mitigation.

I think, first and foremost, we have to focus on the right philosophy. I don't want to prejudge the work of the working group or of this committee or of this Congress, but I would suggest that it would make sense for us to focus on prevention and focus in a way in which we are able to identify, as you indicated in your statement, the most significant risk and focus our time and attention and resources on making sure that we address those risks aggressively.

RISK-BASED ASSESSMENT PILOT PROJECT

We have started that process at USDA with a series of pilot projects, where we are working on a risk-based assessment process. I will tell you, Madam Chair, we still have much to learn about that system. We have a lot to learn about how data is collected,

how it is evaluated, and what needs to be done in order to be comfortable that that is the right approach. I think we are on the right track, but I think we have a ways to go.

Once you have the right philosophy, then it seems to me that the next step in the process is to make sure that you actually coordinate between the various agencies that are involved. As you well know, we have 15 separate agencies in this government that have some piece of food safety.

I have had conversations with Secretary Napolitano about Customs and about APHIS and the role that APHIS can play in increasing training for Customs. We have, obviously, conversations that will take place with HHS about the interactions and coordination.

Once we have that in place, then I think we can get to the structure, the structural questions, the organizational structure questions. And I really think that it would be inappropriate for me, at this point in time, to say it should be in one agency or another or a separate agency. I think that the process needs to work so that it can be as informed a policy decision as we can possibly make. But, clearly, we need to work on harmonizing the philosophy on making sure that there is better coordination and on making sure that the questions related to any risk-based process have been fully answered.

Ms. DELAURO. Mr. Secretary, I appreciate what you are saying. What I know about evaluating processes in this institution and in agencies, et cetera, we could take a very, very, very long time to get where we need to go. I don't think we have time to get where we need to go. We have to be thoughtful in this process. There isn't any question about that.

But you also have trains leaving the station; and, in the House, you have food-safety legislation that is in the process of being put together by the Energy and Commerce Committee, which is the authorizing committee.

You have a number of ideas—and I don't have to reiterate, you know, my own approach on this effort. But my suggestion is that this administration is going to have to weigh in on a direction to take before we put into place legislation that may not get us where we wanted to go in terms of food safety and the kinds of structures that get us to be able to get the information that we need.

It wasn't too long ago on this subcommittee that we were told that FSIS was moving headlong into risk-based inspection. You can't do anything on risk-based unless you have the data on which to move. Ultimately, FSIS and the Department viewed that our concerns were legitimate. So they held off in that area. And I am proud to say that as a subcommittee, both Democrats and Republicans, we held them off in moving in a direction that I believe would have not been helpful.

But my point is that we need to begin and to have an administration begin to take a stand on where we are and where we want to go. We have opportunities to put into place the pillars that will get us to—and I am not going to put words in your mouth, but just to say that if we have 15 agencies today that are dealing with this issue and we are unsuccessful at dealing with food safety, given the current structure, with no single individual being responsible for

food safety in this country—not one person has ultimate responsibility—that leads me toward a single agency.

It may be that as an interim goal, as we take a look at where the bulk of the difficulties have been—and I think we need to review FSIS and the HACCP process. It has been in place—what—14 years or so. What does it do? But it was a very formidable response to an emergency with Jack in the Box years ago.

We are in an emergency situation today. We cannot afford to take months and months and months of deliberation before we say to the American people, the Federal Government is going to take on this responsibility, try to do something about making sure the food supply is protected. FDA—and you don't have jurisdiction over FDA, so I am not asking you to comment on the FDA—but it has been reaction and not prevention, and prevention needs to be the order of the day.

But if we do not do something other than increasing resources, which we have done with the FDA, but restructuring it in a way that puts food safety on its own, drug safety on its own, and make sure that there is an individual who is responsible for food safety, we are not going to get to where we want to go as the oversight of this effort, and we are not going to get to go where either FDA or you want to go at USDA on where we deal with food safety in this country.

Secretary VILSACK. Madam Chairman, if I could react to that.

Ms. DELAURO. Sure.

Secretary VILSACK. First of all, I did not want to leave the impression with my answer that we don't understand the urgency of the circumstance. We certainly do. And the expectation, I think, that the President has is that we get to a set of recommendations in a very quick order.

So, first and foremost, we do understand the urgency; and we are anxious to get to work. I am a little bit hampered because of the fact that two-thirds of the folks who are integral to this process have not yet been confirmed, and I have not had an opportunity to actually have conversations with them and feel it to be appropriate that in order for that working group to do its work well that we have a conversation, number one.

Number two, there is no question that whatever system is ultimately devised has to be a system that provides for specific accountability. I would agree with you that when you have got 15 separate agencies in the Federal Government responsible for some part——

Ms. DELAURO. No one is accountable.

Secretary VILSACK [continuing]. You have got way too many, and it becomes very difficult for you or for a consumer or for a taxpayer to know precisely who to hold accountable when there is a problem, and we ought to be about accountability. So please understand I share that with you.

And as far as reviewing the processes, we ought to be doing that as a matter of business. Every year we ought to be reviewing our processes to make sure that we are doing as good a job as we possibly can.

So we would agree with you on that score as well; and we intend to be very aggressive on this, very, very aggressive, because we understand that people's lives are at stake.

Ms. DELAURO. Thank you, Mr. Secretary.

Mr. Kingston.

Mr. KINGSTON. Thank you, Madam Chairman.

Mr. Secretary, also, let me emphasize the frustration—as a committee member, so much of the discussion seems to be superficial.

FOOD-BORNE ILLNESSES

For example, last week, we had a very good hearing on food safety, but one of the business association witnesses said to us that we should double the funding of the FDA. So I asked him, well, what was the funding increase last year? He didn't know, but he thought we should double it. Then he said he thought it was about $40 million. So I said, so we should double that to $80 million? He said yes. I said, well, are you aware that the actual increase last year, plus in the omnibus and in the stimulus, gave an increase of $300 million to the FDA? And he was not aware of that. And I asked him, do you still think we should double it? And he said yes.

Well, I mean, that is kind of a silly discussion.

Now, along with him at the table was an IG witness from HHS, and he actually had a figure of 300,000 people a year are hospitalized. Interestingly enough, I think the CDC uses 250; you just said 350.

But I asked him, of those who were hospitalized, can you tell us what type food? Because, surely, there is a trend that meat may have more food-borne illnesses than fruit, for example. Maybe blended products have something. Maybe perishables will have more than nonperishable. Maybe there is an import issue.

And the composition of the people who got ill, what age are they? Did the 5,000 who died, for example, did they have a pre-existing illness unrelated yet something that would weaken their immune system?

All these are relevant questions, and yet the IG had no idea of the breakdown of the 300,000 number.

Are you aware of the breakdown of that number?

Secretary VILSACK. I am not as I sit here today, Representative.

Mr. KINGSTON. And I understand, because of what you were just saying, you don't have your key people right now in place.

Secretary VILSACK. That is a fair observation, and it is also fair to say that there are many causes for food-borne illness which may not be necessarily related to how food is grown or is harvested or is processed. But there is still an issue here, and I think the American public is very concerned when they read about something as much of a staple as peanut butter is, that they can't basically trust their peanut butter source. I think that is basically a concern for folks.

I mean, I have actually watched people in grocery stores hesitate at the aisle before they reach for peanut butter; and I have heard representatives from the peanut industry talk about the effect it has had on the peanut industry.

So I understand what you are saying. I think we should make informed decisions, and we should have as much data as we pos-

sibly can to be able to determine what direction, where the resources need to be handled.

But I do think, first and foremost, you have to have the right philosophy. And is the philosophy mitigation where basically a problem occurs and you try to contain it? Or is the philosophy we are going to try to do whatever we can to make sure that it is prevented by making sure that it is produced right, it is processed right, and it is also handled right and that consumers are well educated on precisely how to handle food.

So this is not an easy issue. It is complicated, and your desire for more data is an appropriate one.

Mr. KINGSTON. I think it is very important that we have good information that if there is a particular type of food that may have recurring problems and where is the breakdown, that is where we should start in order to be the most effective, to get the most bang for the buck initially.

And the other part of it is the people who got ill, how much of that was because of something they did in the kitchen that had absolutely nothing to do with the process? And then we also know from CDC witnesses in the past that plays a major part of this discussion.

Secretary VILSACK. It does, and I think it emphasizes the need for government agencies like USDA and FDA to do an increasingly vigilant job about educating consumers—and the food industry on educating consumers on precisely what they can and cannot, what they should and should not do.

PISTACHIOS

Mr. KINGSTON. Do you know, by the way, how many people have gotten sick from pistachios?

Secretary VILSACK. Today? I mean, in terms of the announcement today?

Mr. KINGSTON. Yes.

Secretary VILSACK. I don't believe any have. There is a concern that they may get sick, and so the recall has taken place.

And, as the chairwoman suggested, it is sort of we are waiting to see.

Mr. KINGSTON. Well, I read an article that said two people had actually gotten sick. But the reason why I say that, Madam Chairman—and I know you want to say something here, so——

Ms. DELAURO. I am just saying it is an FDA issue. And I know we have got USDA here, but I would just tell you, you have read something that I haven't read.

It said two people—it is a million pounds of pistachio products because of salmonella; and it says, so far, no illnesses have been tied to the contaminated pistachios, although authorities were investigating at least two consumer complaints. FDA warned consumers not to eat the pistachios until the scope of the contamination was clear. So hold on to the pistachios, but don't eat them.

Mr. KINGSTON. Well, one of the things that I think is important in terms of the way the FDA has investigated food illnesses is to assume all the product is guilty. And, as we know, what happens as a result of that, people don't want to buy anything, and people deny themselves eating this product.

Now, I am sure Mr. Farr knows more about pistachios than I do, but Mr. Bishop and I were involved more in the peanut situation, and peanuts are good nutritional products that people need to be eating for their own health. But when all peanut butter is considered to be taboo, then they don't eat it.

And so there is—it is not just a commercial implication that, okay, the industry is losing millions of dollars because of FDA shotgunning everything rather than lasering in on where the real problem is, but it denies the consumer the use of that product.

The summer before it was tomatoes, which, certainly, tomatoes are a great part of your diet for daily consumption; and yet no one could eat tomatoes for 6 weeks or something.

And so one of the things I think this committee is frustrated about is just the broad blanket that is thrown across a commodity when something happens.

Secretary VILSACK. Well, it is a difficult circumstance, because people are really busy, and they are trying to take care of their children. And they come home, and they turn on the news, and they hear a report about a particular company and a particular product, and they may make an assumption about all of the products.

And, you know, that is a difficult assumption to overcome. With time, we do overcome it. With time, markets are restored. But there is obviously pain and difficulty during that period of time.

Again, I think if we create a prevention philosophy and if we focus on really identifying, as you suggested, with data where the risks are, making sure that we spend the time and resources to minimize those risks, we might be in a better situation to more specifically pinpoint the exact problem, be able to explain that to the consumer and make sure that they understand that it is this company as opposed to all companies.

Mr. KINGSTON. I know I am out of time, but just to conclude, for example, the tragic death of the NFL football players off the coast of Florida while fishing the other day, represent a coastal area, the factors are so important. You had a small-craft advisory. You had an anchoring that was a wrong way to anchor the boat. There were a lot of mistakes that were made.

So analyzing a problem is always very, very important; and I feel like in the USDA and FDA we are not analyzing this thing as much as we are just rattling the issue and, you know, all the good and the bad gets mixed in at once.

So, thank you.

Ms. DELAURO. Mr. Farr.

Mr. FARR. Thank you very much, Madam Chair.

Governor and Mr. Secretary, thank you for being here. I am very excited about your taking on this big responsibility.

FOOD RECALLS

I just wanted to comment on Mr. Kingston's point that these markets don't always recover. I represent the spinach growers in Salinas Valley, specialty crops; and that product has never recovered from the recall.

I think what, I think the confusion here that the Chair brought out is that, essentially, the warning goes out by FDA, but the impact of the recall is really on USDA.

And I would hope, from your standpoint of being a Governor and doing emergency response, you have got to sit down with FDA and have them work on what I call crisis communication. You know, don't alarm the patient. At the same time, try to get the news out. Because some of these recalls just have consequences that are economically devastating. You just don't recover from it. And I think the FDA's, you know, broad brush yells fire. And I would hope that you might work on that.

CHILD NUTRITION PROGRAMS

But I want to take time today, because I have been very interested in going out to schools in my area—there are a lot of poor children there—and dealing with the school lunch program, school food services. And what I have learned—I mean, one of your departments is Food and Nutrition Service, which is, frankly, one of the biggest users of the USDA dollars. It is a $62 billion department. It was created back in 1962. It is now 40 years old. It has got a 62—interesting, yes, $62 billion—almost $1 billion a year.

You have 15 separate nutrition assistance programs. Those are divided into five categories: food stamps; child nutrition; special supplemental, which is the WIC program; and the Commodity Assistance Program; and what they call nutrition administration, which is the Center for Nutrition Policy and Promotion.

One of the big programs is child nutrition. In that, here is where you have been talking about wasteful spending. I hope you will turn your agency upside down to look at how you can better administer this. You would be amazed.

This could be the same kid in the same school who qualifies for the school breakfast program, then has to qualify separately for a school lunch program, and then may also qualify for the child and adult-care food program and may qualify, if he is there, in the summer food program—which we have now been able to at least get the summer breakfast and the summer food program combined. But—guess what—we have a lot of schools that don't have summers anymore because they have year-round schools. So there is confusion there. And then a special milk program.

All of these are within—and we have to qualify them by verifying, one, that the parent is low-income, or, in some cases, you have some school breakfasts—I think it is more universal feeding.

But the bureaucracy at the school level is just unbelievable and the cost of having to buy the computers to verify that each day that student came and ate the food and the food was nutritious.

Now what happens is, because you have also got in that the commodity program, which is where we are getting our commodities sloughed off on schools. Now, a lot of schools don't have preparatory kitchens anymore. So they send—they don't want bags of wheat and rice sent to them. So what they do is they say we will work with the processors. And guess what the processors do? They add salt, and they add sugar, and they add other things.

So now you have got processed food, and some of the inner-city school districts get no fresh. They may get an apple and an orange,

but you are not going to have a plate with fresh lettuce or any of those other kinds of things that are part of your nutrition advocacy. And I think it is terrific.

But this program, if we just cleaned up the administration, for example, there is a pilot request of you to get a grant program to try out using the Medicare tapes in California to qualify the children. They have done this without—you know, done it on trial. They are finding they have more qualifications under that than they do trying to get the parent to verify.

So I think the two things that you could do that would, one, save a lot of wasteful spending and allow you to spend more money on fresh fruits and vegetables and getting them into schools is just the administrative costs of combining those five programs, all the school programs. And one is consolidating them and administratively using technology to qualify the students.

So the question is about will you do this? Nobody has taken it on. And at the school level it is a mess, and I would just like to see you committing to taking that on. We are going to reauthorize that bill this year, and it needs some leadership from the Department of Agriculture to take on the consolidation and simplification of the qualifications.

Secretary VILSACK. Well, Representative, I think you make an excellent point. I think there is a need for greater efficiency within this program so that schools are spending less time on paperwork and more time on teaching our children and making sure that they have access to quality meals and making sure that they have appropriate physical activity to keep them active.

I think that is important, and I think it is also important for us to address the concerns that Representative Kingston alluded to earlier, which is to make sure that, as we do these programs, that we are conscious of making sure that we do them properly and that there aren't erroneous payments. It is a combination of both of those.

Ms. DELAURO. But that process of erroneous payments, I mean, if you use these Medicare tapes and food stamp tapes, they are automatically qualified.

Secretary VILSACK. I am agreeing with you. I am just simply saying that it is important for us to keep both of those concepts in mind, and I can assure you that we are working on programs similar to what you have outlined to propose and suggest in the reauthorization.

Mr. FARR. And will we see these grants awarded soon, I mean, the applications for these pilot programs?

Secretary VILSACK. We have been focusing on trying to get the under secretaries in place. We are trying to work expeditiously. We are trying to make sure that what we do is all coordinated in terms of the reauthorization so that we have a consistent plan. So we are working as hard as we possibly can, as quickly as we can, to get money in place.

We are also trying to put money out in terms of equipment. You mentioned the issue of school equipment. We appreciate the money that was put in the Recovery and Reinvestment Act. We are trying to get those grants out as quickly as we can as well so that schools aren't actually in a process to cook them and to process the food,

requiring some processor to put sugar and salt in it, as you suggested.

Mr. FARR. Thank you.

Ms. DELAURO. Thank you, Mr. Farr.

I just—to support something that Mr. Farr was talking about, it is interesting—last year, FNS testified payment accuracy rates for food stamps had improved steadily over 8 years and were at near record-high levels.

I was going to mention this a little later on, which we will talk about a little later on. I don't know how we can say that the same about farm payments, but we certainly are down pretty low in terms of the food stamp program.

Mr. Latham.

FARM PAYMENTS

Mr. LATHAM. Thank you, Madam Chairman. And I wanted to continue the discussion about food and food safety, but you brought up farm payments, so I will do that.

I am sure you have heard, and I certainly have, a lot of concern in farm country about some of the proposals. I would like to know the rationale, I guess, for the $500,000 gross sales, doing away with direct payments, and the $250,000 payment limitation. I have heard not only from constituents out there, but also certainly here talking to my colleagues on both sides of the aisle, that no one wants to open up the farm bill again to make those kind of changes. I think the Senate Budget Committee took a vote, and it was taken down. How do you respond to the proposals?

And just as one other issue involved with the payment issue, there is a new requirement—I guess it is not required technically—to sign a statement that you will release the records from the IRS to USDA to be eligible for payment. You don't have to do it, but then you don't get payments unless you do it.

Anyone around here, I think, has, over the years—maybe doesn't have total confidence in the integrity of some of the systems as far as protecting that very important personal information, but I just want to know your response to those things.

Secretary VILSACK. Well, first of all, let me talk a little bit about the budget and try to respond to your question of why we set it up the way we did.

We recognized that the President had some very specific priorities that he wanted to see reflected in his USDA budget. Priority number one was an increased resource in child nutrition, to make sure that our youngsters had access to fruits and vegetables and more nutritious food. He also had as a priority expanding renewable energy opportunities as an economic development tool for rural America.

Recognizing that those were significant increases in the budget, we looked for things that we could point to that would allow us to also keep in mind the need to be more fiscally responsible over the course of time to make sure that we returned to a time when we weren't dealing with trillion-dollar deficits. If there is one distinction between where we are today and where we were when we were debating the farm bill, it is that, we are in an economic circumstance and situation where we are faced with very, very sub-

stantial deficits over time, and we have to control them in some way.

There are many ways to do that, and I am sure that Congress is considering many ways, and they will obviously make their choices. We decided to focus on the top 3 to 4 percent of producers who are in that category of more than $500,000 in sales, representing roughly 90,000 producers of the 2.2 million farmers and ranchers. We kept in place all of the other safety net programs, the countercyclical program, the ACRE program, the SURE program. All those programs were obviously still available to those individuals, and we phased it over a 3-year period. So it involved a very small percentage of farmers, but those farmers were receiving about, as we calculated, roughly 30 percent of the direct payments. The other farmers would still be able to get their direct payments and still qualify.

It is a choice. Obviously, as you all take a look at that notion of fiscal responsibility and maintaining some degree of responsibility, you are going to have to make choices. Well, that is a choice we made, and that is basically the philosophy behind it and the reason why we proposed it, as we did with others.

As it relates to the IRS, it seems to me that we have a responsibility to taxpayers and to Congress to make sure that the programs that you all pass are administered as well as they can be administered. And we have to accept accountability and responsibility when we administer them in a way where people get payments that they are not entitled to receive.

If the farm bill restrictions that are currently in place referencing direct payment limits, countercyclical payment limits, overall limits, if they were in place today, that number of 40–some million would actually be closer to $90 million in overpayments. So in an effort to try to make sure that we corrected that circumstance, we are simply asking farmers to give us the ability to check with the Internal Revenue Service.

It is not a matter of having tax returns at the local FSA office; that is not the way it is going to happen. It is going to be a relatively small—very, very small—percentage of farmers who will be checked periodically to make sure that we are doing a better job of making sure that payments that are supposed to be received by folks are getting to the folks who are supposed to get them. It is a matter of accountability.

Mr. LATHAM. I would reiterate that people are very, very concerned about privacy, and that USDA's track record as far as information technology and being able to keep anything is mixed, to say the least.

Secretary VILSACK. That is a fair observation. We will take that back, and we will try to make sure that we address those concerns. But at some point in time you have to make sure that the payments are getting to people who are entitled to them and not to people who aren't. And for the most part, we are not talking about farmers getting these payments, we are talking about folks who really aren't on the farm getting payments.

Mr. LATHAM. Thank you, Madam Chair.

Ms. DELAURO. I would just add to that, if I could, Mr. Latham, that the GAO report found that because USDA did not have the

ability to verify income, the Department paid more than $49 million to ineligible wealthy farmers and landowners.

Further, assuming that we might have a question in this area with regard to the IRS, I checked with the Ways and Means Committee, and it would appear that there are many programs, from food stamps on up, that receive information from the IRS. So there really is a whole lot of precedent in this area in a whole variety of programs that have to supply some of this information. This is not a new incarnation and a group of people who would be subject to something for the first time.

Mr. Bishop.

Mr. BISHOP. Thank you very much.

CIVIL RIGHTS ACTIONS

Welcome, Mr. Secretary. And let me just take this opportunity to congratulate you on your hitting the ground running. And particularly, let me just first comment on the frank and forthright way that you have addressed the civil rights issue. I think that speaks highly of you, of the tenor of your character in dealing with a problem that has been systemic and has aggravated the image and the functioning of the Department for years and years and years. So I want to congratulate you on that.

I also congratulate you on the selection of Dr. Joe Leonard as the proposed Assistant Secretary of Civil Rights. I think he has a strong background, and I think he will certainly be able to be quite helpful in that capacity.

RURAL AMERICA INITIATIVES

I have got three areas of concern that I want to mention. The first has to do with rural America. Through your testimony it is very clear that through the stimulus bill, the farm bill, and your budget proposals, that this administration is going to place a great deal of emphasis on rural America. And we are very, very delightful that you are taking and the administration is taking that focus.

I represent a congressional district that has 32 mostly rural counties, 29 of the 32, and, of course, more than half of the counties in my district are classified as persistent poverty counties. Representative Emerson has, I think, a very similar district, and I think she has taken a lot of initiatives in rural poverty.

I want to just elevate the issue. And, of course, in the budget and the stimulus and the farm bill, you emphasize broadband and working with the Commerce Department; $20 billion in loans, loan guarantees, grants; homeownership for rural America, which is great; creating jobs, 165,000; and, of course, 280 families that are impacted by rental housing. You emphasize infrastructure with water treatment, waste disposal, rural research; an extension with the minority-serving institutions; and the microentrepreneur assistance programs, with grants to nonprofits for technical assistance, and loans of up to $50,000 for small businesses in rural areas. All of that is great.

Do you think that it would be helpful, particularly given the economic crisis that we are in, to have the administration have some White House initiatives on rural America regionally across the country so that this can be lifted up and given a higher profile, and

rural communities can see that there is, in fact, an outreach, and there will be a hand up for rural economic development in these communities? Because it cuts across every aspect of life, and it also will help to make these rural communities competitive in the global marketplace from where they are. And you can respond to that.

PEANUT AND COTTON LOAN PROGRAMS

My other two questions are more technical. They have to do with—of course, you know, I represent a peanut district, I represent cotton, and, of course, your budget reflects some concerns for us, particularly with regard to peanuts.

Let me just say quickly, you mentioned dairy, involving dairy in the nutrition programs. Peanuts are suffering tremendously, and so I would hope that you would consider utilization of peanuts in the nutrition programs also to help in the recovery as a result of the unfortunate situation that has happened with our industry.

But with regard to peanuts and cotton, the market and loan program has presented a serious problem. In the 2008 farm bill, the market and loan program was continued for peanuts as well as for cotton, but the method by which the loan repayment rate has been devised is sort of a mystery. It has been set too high to allow peanuts to be competitive in regard to the world market. And with regard to cotton, the market and loan program has been administered in a way in the past that ensured that cotton would be competitive, but now in your budget you indicate that you are going to terminate the storage credits that are included with the market and loan for cotton. And, of course, that is going to be very disruptive to marketing and income for farmers.

Can you explain the impact? Do you understand the impact that both of these will have on farm-producing income and on marketing?

Secretary VILSACK. Representative, in terms of the White House initiative, let me just briefly respond to that. I think that there is no question that we will continue to do a job of making sure that folks in rural America understand and appreciate the wide variety of programs that are available. I just this week have talked to a group of community economic development folks about the various programs that are available. Sometimes people don't know the breadth of what USDA does, and we need to do a better job of educating people about precisely how we can address housing needs, multiple-family housing, economic development. We are taking a look at how we administer our business and industry loan programs to make sure that we focus on quality jobs and make sure that they are jobs that actually improve the overall well-being of the communities. The use of the Community Facilities grant money is another opportunity for us to send a very strong, positive message.

So I think you will continue to see leadership from the White House addressing the needs of rural Americans specifically, highlighting some of the things that are being done in the Recovery and Reinvestment Act specifically as it relates to that.

With reference to peanuts, we are monitoring the circumstances and situation with peanuts, and we are watching it very closely. We haven't seen quite the market disruption that we saw with

dairy. Dairy was rather dramatic and rather severe and very significant. But we are monitoring that circumstance, and, as conditions merit, we will certainly take action that is appropriate.

With reference to the cotton storage issue, peanuts and cotton are the only two products that actually get this treatment; peanuts, of course, through the Commodity Credit Corporation. Cotton would then be the only one through the traditional budget process. Our view is that, to a certain extent, it could potentially distort the market in terms of providing some incentive for storage when perhaps it would be more appropriate not to store it.

Again, this is about choices and priorities. The President was very clear about what his priorities were, and we obviously have a mind towards long-term budget impacts.

Mr. BISHOP. May I make just one statement, Madam Chair?

Ms. DELAURO. Yes.

Mr. BISHOP. We worked so hard in the farm bill to try to get that done, and now it seems like we are undoing all of our work that was put in the farm bill. And, of course, that was a very sensitive issue in the farm bill, and, of course, it is very sensitive now for both peanuts and cotton.

Ms. DELAURO. We will have another round.

Mrs. Emerson.

Mrs. EMERSON. Welcome, Mr. Secretary. Thanks so much for being here.

I have so many questions, I really don't know where to begin, so I will just go through your testimony here and start from there.

RURAL BROADBAND

I am really interested how RUS is going to work with the NTIA to deploy all of the stimulus money for purposes of rural broadband. For example, I have got small companies who have applied to RUS, who, of course, say that they can't really make any decisions unless you are the one who makes the decision because there is not a political appointee yet at RUS. And so we have got lots of applications waiting there already. And then I talked to the NTIA guys, and I wasn't really comfortable with the coordination that was going to occur between the two agencies. Perhaps you can enlighten us a little bit, please.

Secretary VILSACK. Well, we have made a recommendation for our RUS Administrator, Mr. Adelstein, who has actually been serving on the FCC and has some telecommunications background. So we hope that that process moves forward and we are in a position to get him working as quickly as possible.

I would say that, first and foremost, our focus is going to be on the unserved areas. We appreciate the fact that monies have been provided to RUS in the past for this, and that perhaps they have gone in places where it was about increasing competition and lowering cost as opposed to expanding access. We are looking at creative ways to make the case in these unserved areas that, with these resources, with grants and loans, we can actually expand access, and that is going to be the measure by which we determine the success or lack of success of this program.

But we have had a series of public hearings. We are getting input from folks in terms of how they believe it ought to be struc-

tured, but our focus primarily is going to be on the unserved areas, as defined as population centers of 20,000 or less, and metropolitan areas of 50,000 or less, that are currently unserved by this technology.

This is a very, very important technology. As Governor of Iowa, we made a very aggressive effort to try to make sure our rural communities were linked to this for a multitude of reasons. One, if you are a small business person, it opens up markets beyond your local markets. Two, if you are a farmer or a rancher, it allows you to get up-to-date information to better inform decisions that you have to make about what you are going to plant, when you are going to plant it, and so forth, and when you are going to sell your crop or your livestock. Those are very important considerations if you don't have access to that information.

And third, we want to make USDA services as convenient as possible. That is difficult to do for farmers and ranchers who don't have the technology and the farm service agencies who don't have the technology to create better cooperation.

Mrs. EMERSON. Well, hopefully all the money that you have gotten between the omnibus and the stimulus will allow your computer systems to finally start working, because in my district—and as Sanford Bishop so eloquently said, a majority of my district is persistent poverty. And we don't have broadband in an awful lot of places, but also, where we do have it, even my farmers and ranchers who have to deal with FSA or NRCS, there are certain times in the afternoon when they either can or cannot access the system. I mean, this is a subject that we have been talking about—it was not one of my questions, but I can't resist at least raising it.

Secretary VILSACK. Well, we will certainly begin the process with the resources that this committee fought for and got for us in the Recovery and Reinvestment Act. I don't want this committee to believe that that is all that we need in order to actually modernize the system. It will take more time and more resources, but it is something we need to focus on.

One other thing in terms of your question, we are meeting on a regular basis with NTIA, and we are also intending to have sort of a joint application and a coordinated process. So I think you will see coordination with reference to these issues.

Mrs. EMERSON. That is good. That is going to be very helpful, I think.

DEVELOPING ENERGY MARKETS

Let me ask you another question. I was reading your testimony last night, and you talk about developing markets that will reward producers for sequestering carbon and limiting greenhouse gas emissions. And they will then facilitate the participation of farmers, ranchers and forest landowners in the emerging environmental services markets.

Here is something that is very worrisome to me with regard to the whole cap-and-trade, greenhouse gas, climate change debate. And it is not that I am not in favor of doing everything that we can to sequester carbon and the like, but during the negotiations on the Kyoto Protocol, both in Kyoto and in Buenos Aires, Argen-

tina, when the United States tried to get a one-for-one credit, if you will, for farmland, as well as for forestry, we were totally rebuffed at every step of the way. And this is during the Clinton administration. I was at those negotiations.

And so, anyway, it worries me that we try to create these markets and make promises, but yet, in the international arena, if you will, we aren't going to be able to get, as a carbon sync or a credit for our farmland and/or forests, the appropriate cost factor, and so it is going to end up penalizing our farmers.

I am out of time, so maybe we ought to come back to that, Rosa, do you think?

Ms. DELAURO. Why don't you respond briefly.

Secretary VILSACK. I will try to briefly respond to it. I think that we—"we" meaning the collective "we," globally—continue to learn more and more about how these markets will be set up and structured. I see this as a great transition taking place in this country from an economy that was focused on waste and pollution to an economy that is focused on clean energy and clean jobs. I think agriculture needs to be part of that, and I think it needs to be an integral part of it.

We are a relatively small part of the greenhouse gases that are being placed into the atmosphere, but I think we can be a huge part of the solution. And as we structure and as we create these new systems in this transition, I want to make sure agriculture is at the table, and I want to make sure that they understand that—I believe there will be benefits, there will be offsets, there will be ways in which we can reward farmers for doing the right thing with their land for themselves and for all of us.

Mrs. EMERSON. Okay. We will come back to this later. Thanks.

Ms. DELAURO. Thank you.

I just want to support Mrs. Emerson in the notion that we should not let NTIA slow down the RUS in terms of those applications, Mr. Secretary. We need to move quickly in trying to deal with those underserved areas.

Secretary VILSACK. Our hope is that we have three rounds of awards starting this spring.

Ms. DELAURO. You have got a program; they don't.

Mr. Jackson.

Mr. JACKSON. Thank you, Madam Chair. And I just want to make an observation before I ask Secretary Vilsack a couple of questions.

I have noticed that most of the questions from today's panelists and Members have come after the red light has come on. I am assuming that there is great leniency with the gavel——

Ms. DELAURO. There is always leniency in this committee because it is about a discussion; but nevertheless, let us try to get the questions in before the red light goes on.

Mr. JACKSON. I appreciate that, Madam Chairman.

SCHOOL LUNCH PROGRAM

Mr. Secretary, I represent a congressional district, parts of which were formerly represented by State senator Barack Obama, and then United States Senator Barack Obama, and obviously President Barack Obama. I want to, first and foremost, be the first

member of this committee to invite you to come to my congressional district to have lunch with me, along with Mr. Steele, at a couple of high schools very familiar to the President and elementary schools familiar to the President, to have lunch and experience what those kids are eating, and then, at the appropriate time, make a judgment, hopefully, in your office to determine whether or not you think that the meals that they are being fed in the school lunch programs are sufficient to provide them the kind of nourishment necessary to survive during the regular academic day.

So I would appreciate it if you would, one, be willing to accept lunch with me in my congressional district. I believe en route to Iowa you have got to stop through Chicago—I know it can be very challenging. Would you be willing to accept it?

Secretary VILSACK. Congressman, I would be happy to spend time with you at the schools that you have mentioned. I would just parenthetically say that my wife taught school for 30 years, and as a Governor I went to many, many, many schools and had school lunch, so I am a little familiar with what you are talking about.

Mr. JACKSON. I am sure you are, Mr. Secretary. But as Secretary, and given the President's experienced as a community organizer and what he has written about ad nauseam, quite frankly, the number of times that he has experienced many of the poverty central districts that many of the members of this committee represent, the President has suggested that it was these schools, these community events that helped draw him to public service in the first place.

You mentioned in our opening remarks that, for you, the President's budget meets the test of addressing many of these fundamental priorities. And for me, as someone who still represents the people that State senator Barack Obama represented and then U.S. Senator Barack Obama, the test is met when their lunch programs change, when students eat something different than what they are eating.

I appreciate the efforts that you have advanced in the Department with respect to civil rights, and I applaud you in that area, but I am also going to make the case for the next couple of years that we extend civil rights to students and the school lunch program. And towards that end—and I am not being cavalier with this—I think it important that maybe Agriculture Department-wide, that, given that there is a cafeteria in the Department of Agriculture, that maybe the special on any given day at the Department of Agriculture for lunch, since we believe in leadership by example, ought to be some school lunch that is being served somewhere in the United States, paid for by the Department of Agriculture.

Let us go one step further, not just a special, with the options being you can try and eat what they are eating in School District 147 in Harvey, Illinois; bypass the special and then eat spaghetti, meatballs or salad bar, or whatever else is being offered at the Department of Agriculture. Maybe the special should be what they are eating in School District 147 in Harvey, Illinois, and the other options be what is being offered in other school districts around the country so that the Department itself is sensitive to the idea that when the standard of what is being fed to Department members

within our own government changes, then the same standard is being changed in the school districts around the country who are experiencing the exact same quality of food.

Now, for me, the budget test, which Mr. Steele is obviously here to advance before this committee, is whether or not, after we spend the stimulus money and after we spend and advance the agricultural appropriations requested by Mr. Steele, whether or not in the stomach of some child in some urban area or some rural area there is a qualitative and a quantitative difference in the quality of nutrition that they are experiencing. If there isn't one, then we are wasting money. There is no change.

It appears to me that the only way to truly be able to judge that is if the Secretary of Agriculture—obviously no longer Governor, but Secretary of Agriculture—is willing to make the statement that policy at Agriculture Department-Wide, we are going to lead by example; that whatever it is that students across this country are experiencing in their student lunch programs or in their breakfast programs, we, too, will experience it at the Department of Agriculture.

Is the Secretary and/or members of his staff willing to make that adjustment and extend that civil right to students across the country?

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Secretary VILSACK. Well, Representative Jackson, thank you very much for, obviously, the deep passion that you have for the children of your district and the children of all school districts.

Let me say that I think we are making some steps along the lines that you have outlined. I point to the WIC program and the fact that we did an evaluation of that program, looking at the dietary guidelines, and as a result of that evaluation, the packages that will go out to women and children under the WIC program this fall will be different and will be more nutritious, will have more fruits and vegetables.

We have made an effort to try to expand opportunity for people with SNAP to be able to access farmers markets through the electronic benefit transfer card, the EBT being essentially available at farmers markets, and we are going to continue to promote access.

We have a similar evaluation taking place with reference to school lunches. The Institute of Medicine is currently doing an evaluation. It has been a 2-year study of the quality and nutritional value of those meals. We expect that they will be making recommendations at the end of this year.

One of the reasons why we asked for additional resources in the budget was to make sure that we began the process of building on what was done in the farm bill, creating more opportunities for fruits and vegetables to be in those meals.

We are, I would say, in a slightly different way leading by example. It was USDA, with the People's Garden, which was one of the first things we did, jackhammering up asphalt and planting an organic garden outside the very office of USDA in honor of President Lincoln's 200th birthday. We are going to have People's Gardens all across the United States and hopefully all across the world at USDA locations. This garden in particular is organic. It is going to

be tended by people with disabilities and by USDA workers on a volunteer basis. The produce from that garden is going to be given to local food banks. So we are leading by example.

Mr. JACKSON. I just want to be clear, I don't think we need another study, Mr. Secretary, at IOM. I just want to be clear. I am not being combative at all. I just want to be clear that I don't think we need another study. Whatever it is that we are eating in the cafeteria at the Department of Agriculture ought to be the exact same thing that we are serving to students across our country in school districts. That is all.

Secretary VILSACK. Well, the study is designed to make sure that the meals are consistent with the dietary guidelines. While we may not need another study, the reality is that they have not been consistent with those dietary guidelines, and they need to be. We have 36 percent of our children today who are faced with the possibility of being overweight or being obese, and that is a health care issue and a health care crisis that needs to be addressed. And on the other side, we have children who don't get enough food, who are hungry. Those need to be addressed.

And the way we can help address both of those problems is by making sure that the meals that we serve, whether it is breakfast, whether it is lunch or snacks, are consistent with those dietary guidelines so that youngsters get a balanced, nutritious meal. That is what our goal is. And that is what we are aiming to do with the budget we proposed. That is what the President has instructed me to do, and I take that very, very seriously.

Mr. JACKSON. Thank you, Madam Chairman.

Ms. DELAURO. Thank you, Mr. Jackson.

I will just make a point, and then I want to make an announcement here.

DIETARY GUIDELINES

On the dietary guidelines, Mr. Secretary, Acting Under Secretary O'Connor was here last week. He did say that once the IOM made recommendations, it could take an additional 3 years.

One of the questions I was going to ask—and Mr. Jackson is absolutely right—and others here were at this nutrition hearing where we spent a fair amount of time—this is intolerable. We will not take another 3 years for a rulemaking process for the implementation of revised nutrition standards and meal requirements for school lunch and for school breakfast, because the issue is correct, we cannot wait that long.

One of my questions to you is going to be how do we cut through this and get to a rule as quickly as we can on these guidelines, in addition to which is coming out in October, you have got the WIC reauthorization coming up in September. We need to have some information in order to move forward on these things here, and we have got to move fast.

Secretary VILSACK. The answer to your question, how do you cut through it, is by the Secretary basically saying, "Cut through it."

Ms. DELAURO. Thank you. And this is what we anticipate from you, Mr. Secretary.

I am going to say this, and I have to, you know: Physician, heal thyself. We have to hold to the 5-minute rule. We really do. I am

going to be there, I promise, but the Secretary's time is limited, and my colleagues on both sides of the aisle need to get in their questions. And I have three additional Members on our side of the aisle for the opening round.

Mr. Davis, why don't you move forward. Then Mr. Hinchey, Ms. Kaptur. And we are going to hold strict to the 5-minute rule here.

Mr. DAVIS. Madam Chair, thanks very much.

SMALL FARM PRODUCERS

I want to identify first the district I represent so you will understand from which the questions come.

We have 435 congressional districts in this country. That is a history lesson you probably don't need. But my district has the fourth largest rural residential congressional of those 435, has the third highest number of low blue-collar wage earners. Less than 60 percent of the people live in a household where they earn less than $40,000 a year; 109,000 households earn less than $25,000 a year.

I visited a school recently where the nutrition director said on Monday mornings there are times when children get off the bus and don't say hello to anyone, and they run directly to the kitchen where they get their first meal that they have had since they left on Friday.

We do have problems in the district I represent and across this Nation that we all need to address collectively. I am excited as I read about rural America and how some of the forefathers, some of those who worked through the 1920s, I think, with perhaps some mistakes, but through the 1930s to build an infrastructure in this Nation that rural America would continue to be able to participate and keep farmers on the farm or at least agricultural land in production to where the cheapest food supply and the safest in the world came from America.

And I look at the infrastructure, starting with some of the conservation, the Soil Conservation Service, the extension services, the old Farmers Home Administration, ASCS, now called Farmer Service Agency, the combining of many of those, the Rural Credit, the technical assistance, the encouragement, the farmer-to-market roads. And then we got telephone co-ops that connected us with the world. And then we actually got power lines first. I can remember when they came through the little valley I lived in.

And so, we have an infrastructure there that perhaps no other country in the world has. Most of those are nonprofits; most of those are owned by those that are served by the service they provide. And we had an opportunity also, through tax laws, to establish our cooperative system where feed, seed and fertilizer became available at a lower price, and we had a place to market our products.

So we have that unbelievable infrastructure, the farmer-to-market roads, that connects us to the interstate systems that were built in the 1950s. And as a result, we have become the most productive, per person, of any other country on the face of this planet. Seven billion people today live in this world. More people live today than have ever lived. If you combine the totals of everyone, except today's population, we have more people living than have ever lived on the face of this Earth. Our farmers need to be sure that we can

continue to supply the food not just for America but for the rest of the world as well. And through that infrastructure, we can do that.

I have observed, as I have read the history of Henry Wallace—not the first, the son, Henry Wallace—as he brought to this Nation an agriculture policy that talked about conservation, allotments, and acreage. In essence, we were only going to grow basically what we needed, and we would keep those farmers in operation. We didn't give the huge subsidies. Now, we have drifted away from conservation, and we have drifted away from marginal production to where, today, overproduction gets us in trouble with the WTO and others as well, when we start subsidizing.

So I am getting into a philosophy that I don't have time to discuss with you, but I do believe that we have got to go back and take a serious look at our ag policy that dramatically changed in the 1990s and continued through 2002, and then again in 2007 as we wrote the farm bill.

502 DIRECT LOANS

There are two areas where I think we may not be funding as adequately as we should. The old Farmers Home Administration had what they called 502 direct loans. I am all for modular housing, but in the district I represent, the only option that many low-income individuals who live in those households where all the folks working earn less than $25,000 a year, 109,000 households, don't have a source of credit. Are you willing to work on increasing additional funding for individual housing and establishing greater credit for some low-income individuals who have no source to go to today?

Secretary VILSACK. Well, there are so many things that I would like to be able to say in response to the preface to that question. But in terms of the nature of farming today and what is happening particularly for small producers, which I think creates an opportunity to do what you would like to see happen—let me say that we were pleased with the Recovery and Reinvestment Act because it gave us the opportunity, with additional resources, to address a rather significant backlog that existed in those 502 loans. In fact, we were able and will be able with the recovery resources to basically reduce that backlog by 10,000.

Mr. DAVIS. And I hate to interrupt you, but 502 had an interest credit which reduced interest down to 1 percent. Many folks, as their income increased, eventually started paying the full interest rate.

RURAL WATER AND WASTEWATER SYSTEMS

And the second question, I am extremely interested as well in looking at the dollars that are made available for our water and wastewater systems in rural America, especially rural Fourth Congressional District. I want to work with you some on each of those two issues.

My time is in yellow, so I am going to adhere to the 24 seconds I have left to say thank you for coming and for being here to answer questions. I will write you the questions that I have and ask you to give an answer.

Secretary VILSACK. Five hundred and forty million dollars has already been used to fund over 400 projects in 43 States on wastewater, and we expect more to come in the next several months.

Mr. DAVIS. Thank you, sir.

Ms. DELAURO. Mr. Kingston.

Mr. KINGSTON. Thank you, Madam Chair.

Mr. Steele, I want to put a little focus on you for a second.

ELIMINATION OF CONGRESSIONAL EARMARKS

In the statement of the Secretary, it says that the budget reflects the elimination of earmarks. And I was wondering how much money that saved.

Mr. STEELE. I think it is around $600 million, $600 to $700 million of earmarks, mainly in CSREES. There are some in NRCS, a few in a few other agencies, but the bulk of it is in the research area.

Mr. KINGSTON. Were those congressional earmarks or Administration earmarks also?

Mr. STEELE. No, those are congressional earmarks.

Mr. KINGSTON. So the third branch of government, the equal branch, eliminated congressional earmarks, legislative, but not executive earmarks. I just want to make sure of that.

Mr. STEELE. It is a choice that the Secretary——

Mr. KINGSTON. It is a choice of the Secretary? I wanted to find out. It sounds like the legislative branch has the only earmark issue.

Mr. STEELE. It is a traditional action on the part of the Administration normally to eliminate earmarks. It is not a new policy.

USER FEE PROPOSALS

Mr. KINGSTON. There is another traditional action, which is to increase veterinarian fees and put food-processing fees knowing that the legislative branch isn't going to go along with that, but in order to make the budget look better from the executive level. Was that practice followed also?

Mr. STEELE. Yes. There are a few user-fee proposals in the budget. As we have in the past years, we have a small user fee for the Food Safety Inspection Service; a reinspection fee of $4 million is put in.

Mr. KINGSTON. How much was that?

Mr. STEELE. It is $4 million. It is a fairly small fee, but——

Mr. KINGSTON. No. How much is the total of the user fee?

Mr. STEELE. Total user fee is—well, it varies, obviously. Some APHIS user fees would be $20 million in 2010. Roughly these would be for——

Mr. KINGSTON. I will tell you, if you could submit those fees for the record.

[The information follows:]

USER FEES PROPOSED IN THE 2010 BUDGET

The 2010 budget includes user fee proposals totaling $51 million in 2010, as follows:

Food Safety
Food Safety and Inspection Service:
Performance Fee

- This proposal would provide the authority to collect user fees from plants that require additional inspection activities because of performance failures, such as retesting, recalls, or inspection activities linked to an outbreak. The proposal would generate $4 million in fees.

Marketing and Regulatory Programs
Animal and Plant Health Inspection Service:
Salaries and Expenses

- This proposal authorizes the Secretary of Agriculture to prescribe, adjust and collect fees to cover the costs incurred for activities in relation to the review, maintenance and inspections connected to licensing activities associated with the Animal Welfare Act, Virus Serum Toxin Act, and the Plant Protection Act. The estimated fees would result in receipts of $19.5 million in FY 2010, which includes $9 million for animal care and $10.5 million for Scientific and Technical Services.

Grain Inspection, Packers and Stockyards Administration:
Salaries and Expenses

- This proposal would establish a fee for grain standardization and a Packers and Stockyards license fee. The proposal would result in approximately $27 million in fees.

In addition, the Department is proposing a fee within the Crop Insurance Program, as follows.

Farm and Foreign Agricultural Services
Risk Management Agency:
Crop Insurance Program.

- This proposes reforms to Federal crop insurance to reduce the administrative and operating expense reimbursement paid to insurance companies, require a more equitable sharing of the risk between the insurance companies and the Federal Government, reduce the catastrophic (CAT) coverage premium rate to better reflect losses, and increase the CAT administrative fee to better reflect the liabilities covered under the policy. Savings begin in 2011 at $429 million.

Mr. KINGSTON. Are you optimistic that Congress is going to go along with those? Never mind.

ELIMINATION OF LOWER PRIORITY PROGRAMS

In terms of the funding for the elimination of programs that are not a high priority, do you have a list of those?

Mr. STEELE. We do.

Mr. KINGSTON. Do you know of any them offhand?

Mr. STEELE. One is the RC&D program, which is eliminated for funding around $50 million in the budget. There have been some other reductions in other programs, but those will be more identified when we submit our budget in May. When the full budget is submitted to Congress, then those programs will be identified more specifically. But the one identified so far is the RC&D program.

Mr. KINGSTON. Well, I would certainly be interested in working with you on that. So if you could send me a copy, your answer, and then submit some for the record as well. But I would like to look at those to see which ones we can work with you on.

[The information follows:]

PROGRAMS PROPOSED FOR TERMINATION IN THE 2010 BUDGET

Information for the 2010 budget is being finalized for a detailed budget release later this spring. A list will be provided to Committee staff at that time.

FNS ERRONEOUS PAYMENTS STUDY

Mr. KINGSTON. Are you familiar with the FNS study on the school lunch program that revealed that $860 million of the funds spent in 2005 and 2006 were improperly paid?

Mr. STEELE. I am familiar with the study, yes.

Mr. KINGSTON. That was an FNS study.

Mr. STEELE. I am not sure exactly who the author of the study was, whether they had it contracted, or whether they did it themselves.

Mr. KINGSTON. But it was a legitimate study, not by an outside group.

Mr. STEELE. I would have to check and double check and provide the answer for the record.

[The information follows:]

The following study on the amounts and rates of erroneous payments in the National School Lunch Program (NSLP) and the School Breakfast Program (SBP) was conducted by Mathematical Policy Research, Inc. for the Food and Nutrition Service.

The study can be found at *http://www.fns.usda.gov/ora/menu/Published/CNP/FILES/apecvol1.pdf.*

Mr. KINGSTON. To your knowledge, what has been done to recoup the $860 million that was overpaid?

Mr. STEELE. Well, I think it is part of the error rate problem in terms of providing food—are you talking about school lunch or food stamps?

Mr. KINGSTON. School lunch. And if I could, let me ask the Secretary, because you are just getting settled in here, but this was an FNS study—an audit, actually—that said that the school lunch program overpaid $860 million. We had mentioned the study before, which Mr. Steele just alluded to, that food stamp overpayment was $1.29 billion. And then I mentioned before, as did the Chair,

about the $49 million overpaid on farm programs because of ineligibility. So those are three sources of huge money, if we can work with you on it.

Will you be formulating a plan to go after that money in all three pots?

Secretary VILSACK. Well, first of all, as I outlined with Congressman Latham, I think we are addressing the issue of the overpayments of folks who are not entitled to direct payments.

Mr. KINGSTON. Except for, he said, the Senate has already eliminated that for this budget.

Secretary VILSACK. No. I think earlier we had talked about the fact that farmers are basically allowing us to check IRS records to make sure that they are receiving payments that they are entitled to. And if they are not entitled to them, then obviously we will stop making those payments.

Mr. KINGSTON. We want to work with you on that.

Secretary VILSACK. So that is the first issue.

The second issue is we have been working, I think, within the Department to aggressively address the error rate on the SNAP program. And I think if you look at the trend line, the error rate, the percentage is going down. There is still work to be done, and we are committed to making that effort.

We have a partner in all of this, which are States, and we are working with States to try to reduce the error rate. I know in my State of Iowa, we were one of the worst culprits relative to error rates, and we really aggressively went after that and reduced it.

And the third thing, in terms of the school lunch program, there are a multitude of reasons for this. One is that there could be a cashier error, there could be inaccurate information provided by parents, or there could be an error in the administration of the program. We are going to be focusing on technology and on training to try to aggressively reduce those errors. And we will have a proposal in the budget that attempts to redirect those resources.

Ms. DELAURO. Mr. Hinchey.

Mr. HINCHEY. Thank you very much, Madam Chair.

Mr. Secretary, thank you very much for the job you are doing and the experience that you bring into it.

FOOD SAFETY AND SECURITY

I very much appreciate everything that you said in the context of your statement on the issue of food safety and the way in which you responded to the questions on that issue, because it is obviously something that is very important and something that we all care about, because it affects, obviously, the people that we represent. Food and agriculture, food and fiber are the two most important things for all of us in our lives, and so the job that you are doing is critically important for the safety and security of our country.

So, with regard to food safety, I very much appreciate the attention that you are obviously giving to it. I know you don't oversee the Food and Drug Administration directly, but I know that you do have some interaction with them. That is an aspect of the government which hasn't really functioned properly for some years. And I am sure that you will do everything that you can to upgrade the

work that they do and to improve the assurity of the Food and Drug Administration as they work to get things done in a proper way so that people are getting good quality, safe food.

AGRICULTURE CONCENTRATION

I wanted to ask you a question about the way in which the agricultural system in our country is changing. Over the course of the last few decades, we have seen more and more concentration of agriculture in the hands of fewer and fewer companies. You have now, as you said, I think, in your statement, something like 70 percent of the food that is produced by large companies, mostly corporate agricultural companies, and they are responsible for most of the trade surplus that we have with regard to agriculture, which you pointed out as something that is important. But in a number of places around this country, we have a lot of small farmers.

The agricultural system in New York State, as you probably know, is still very significant; a lot of agricultural production comes out of the State of New York. And most of that agricultural production is small family farms. So I am interested in what you think we should be doing in the context of this committee, in the context of the Congress, and what your intention is going to be on the issues of small farms, family farms; and maybe specifically in the context of the 2010 budget, what might be done to support them, and what you might think the general economic circumstances that we are confronting now may be having negative effects on those small family farms, and what we need to do to ensure their continuation.

Secretary VILSACK. In a very simplistic way, we have three kinds of farms and ranches in this country. We have very, very small operations, which are primarily specialty crop operations with sales of a couple thousand dollars or so that are usually funneling produce to farmers markets and for locally supported, community-supported agriculture. We had 108,000 more of those operations in the last 5 years than we did 5 years ago. So that is sort of a positive trend. We need to focus on encouraging markets for those producers and allowing them to migrate into midsized operations so that we can repopulate the midsized farms.

We saw 80,000 fewer midsized farms in the last 5 years. Some of them migrated to larger operations, but the reality is we have a net loss there. I honestly think that in many, many parts of the country, opportunities for conversion of farm products into energy create a new opportunity for farmers not only to profit from the production of their crop, but also potentially the processing of their crop. And so you will see continued effort in this budget to promote more renewable fuel, more renewable energy opportunities in rural America.

Then there are the large farms that you have alluded to. They, indeed, do produce a substantial percentage of what we consume and what we export. There, I think, we have to continue to look at research and development in terms of biotechnology to make sure that they continue to be productive.

Overarching that, two issues: One, the issue of clean jobs, creating new opportunities with climate change for new income sources for farmers of all size; and then, two, understanding the

importance of strong, vibrant rural communities that create off-farm income.

As I indicated in my statement, 900,000 of the 2.2 million farmers and ranchers in this country are required to work 200 days off the farm. Now, that is the operator, it is not the spouse. It is the operator. So we have to continue to modernize infrastructure in rural communities. We have to continue to expand broadband so that markets are opened up. We have to focus on quality-of-life issues, whether it is community facilities or housing, as alluded to earlier, all creating new opportunities.

And I honestly believe that as we focus on clean jobs, as we focus on severing our dependence on foreign oil, that the real opportunity in that matrix is in rural America. And USDA is very aggressive in its effort to promote opportunities in all three categories of farm sizes. I think it is important.

Mr. HINCHEY. Thank you.

Ms. DELAURO. Mr. Latham.

Mr. LATHAM. Thank you, Madam Chair.

FORMULA FUNDING

Mr. Secretary, the subject was raised a few minutes ago in the context of earmarks, but one thing that has always been a major frustration, I think, for us in this committee—we are kind of at a disadvantage because we have not seen details of the budget at this point—but there have been proposals in the past to cut formula funding for agricultural research, making competitive grants out of it. Obviously it has a huge impact in places like Iowa State University and all the land-grant universities.

The Chairman and myself are probably on the same page on this, but can you tell us in the budget proposal what you are doing as far as funding for the land-grant universities and the formula funding that has the continuity of research?

Secretary VILSACK. Representative, I could be corrected on this, but I don't believe that there is any reduction in those resources. I will tell you that we will be making an effort to make sure that the research is appropriately focused, and to make sure that we do a good job of making sure that we are not overlapping with other research that is taking place; that we maximize those dollars and better coordinate those research opportunities.

There are some key areas; obviously biofuels, renewable energy, that is a key area. The notion of food safety is a key area. The notion of how we make meals attractive to youngsters, a key area. There are obviously priority areas where we are going to focus, but I don't believe that there is a reduction.

Mr. LATHAM. Is there detail, Mr. Steele?

Mr. STEELE. Well, the detail will be provided when we submit our full budget, but we are not anticipating any cuts in the formula.

Mr. LATHAM. You are not changing the formulas at all?

Mr. STEELE. Not that I know of at this point.

Mr. LATHAM. Sounds good. We don't have that battle maybe this year for once.

RURAL HOUSING APPLICATIONS BACKLOG

It was brought up earlier, in the stimulus package there is $1 billion for single-family housing and $10.5 billion for single-family home guaranteed funds. The concern I have is that the staffing to deal with this has, in recent years, dropped about 45 percent. I have heard from a lot of USDA employees out in the field that this huge influx of dollars going in, there simply is not staff there to be able to handle it. Do you have any comments about that?

Secretary VILSACK. Well, we are fortunate, I think, in one respect, that USDA, that the Recovery and Reinvestment resources are going through traditional programs and existing programs, unlike many of the other departments of government where they have to formulate new programs. And in this particular area, what we are dealing with is a significant backlog that was not being addressed because of inadequate funding. So, many of these applications have already been processed, they are already out there, we already know who they are. We know what homes are being constructed. We know that 5,000 jobs are likely to be developed as a result of these resources, and over 10,000 homeownership opportunities are going to be finalized. So we are addressing a backlog, which I think makes it a little bit easier than it would be if we were basically having to process new loan applications.

Mr. LATHAM. Mr. Steele.

Mr. STEELE. Also, in the Rural Development area, Congress did provide additional money for administrative costs for rural development. I think it is $120 million or thereabouts. And I have been told by the RD agencies that they are going to be utilizing that money not only for some IT fixes, but also for hiring some contract and part-time people on a temporary basis to help implement this backlog, which is mainly a backlog, in most cases, which we should be able to get done, I think, without a major problem.

Secretary VILSACK. And I would also say that those Rural Development folks also have the responsibility of focusing on the Business and Industry Loan Program. And I think that is where the concerns that you are raising are perhaps even more on point, because we have a substantial amount of opportunity here far beyond what we normally have. And that may be what people are concerned about, making sure that those programs are utilized as they should be and utilized as quickly as we need them to be utilized.

Mr. LATHAM. Okay. To go off to another subject—and I am really doing well, three questions——

Ms. DELAURO. Keep going, Mr. Latham.

Mr. LATHAM [continuing]. And the red light is not even on yet.

Ms. DELAURO. It is yellow, let us go.

INCREASE IN ETHANOL BLEND RATE

Mr. LATHAM. Just very quickly. With the recommendation that you made for increasing the fuel standard to 15 percent or 20 percent for ethanol—I believe to the EPA I wrote a letter to the President supporting your statement—is there any response back? Where are we on that?

Secretary VILSACK. I know that the EPA has recently received a request from the industry to take a look at the waiver for E15, and

I know that is under consideration. I don't have anything scientific to tell you today as to what the attitude of the EPA is on that. We are going to continue to advocate for an increase in the blend rate.

In large part because of the concern that I have about maintaining the infrastructure that we have already invested in our biofuel industry, it is important, as we transition to second- and third-generation feedstocks, that we have in place the infrastructure to take advantage of those new developments. If we lose that infrastructure, it will be that much more difficult to get the biofuels industry back on track.

Mr. LATHAM. Thank you very much.

Ms. DELAURO. Ms. Kaptur.

Ms. KAPTUR. Thank you, Madam Chair.

Welcome, Mr. Secretary. I was very drawn to your candidacy at one point about a year ago. We certainly welcome you and look forward to working with you.

URBAN FOOD DESERTS

I represent the northern part of Ohio where that State meets Lake Erie, the most abundant of the lakes. And the district I represent is both urban—the city of Toledo and Sandusky—and rural. It is a most interesting district.

I can report to you on the Recovery bill, the CSFP program has not resulted in additional food, but merely the same amount with rising prices. I think it is important for you to know.

Number two, despite the increases in food stamps, food stamps in our area last about 2½ weeks. I want to encourage you on in your People's Gardens efforts. And I was just reading the story in the Economist, "Digging Their Way Out of Recession"—you are prominently mentioned, very good story. I really believe that with new technologies, growing technologies, including in the urban environment, many of these food deserts can actually produce their own food. And we are about that task in Toledo, Ohio, but we need the help of USDA to, first of all, recognize what we are doing.

I brought with me some photos of vertical-growing systems that are eight times more efficient than planting in the dirt. We are doing this right now. I would hope that USDA would take a look at places, urban areas across this country, from New York City to Chicago, to Toledo, that are trying to meet rising food needs, and to do this not just for important nutritional reasons, but also for cultural and for environmental. The USDA has been very resistant to understanding the importance of what new technology can provide us in meeting human needs across this country. I think you have the experience and the will to help us.

So I am wondering if, for the record, you could summarize USDA authorities that could assist communities that are urban in nature that are trying to meet rising food needs in urban food deserts. Would you be willing to work with us? You have done it in your own building here in urban Washington. That is a sign to me that there is some recognition of the capability of production to happen in urban environments.

Secretary VILSACK. Well, we take very seriously the issue of food deserts, and we understand and appreciate that they are obviously in places where people are struggling.

One of the programs that we have some flexibility in to address the capital needs is the Business and Industry Program that I alluded to earlier. In talking with Bill Hagy yesterday, at a group where I was talking to urban and rural economic development proponents, he indicated and pointed out to me that there is some flexibility in that program to provide resources.

Now, I will tell you that obviously our focus will continue to be, as I think it should be, on rural communities, because that is basically the job of USDA, but the issue of food security and food safety and nutritious eating—as it was pointed out earlier, two-thirds of our budget is allocated in that mission area, and so we have to take it seriously wherever there are problems.

Ms. KAPTUR. Thank you very much. We hope that someday the Department of Agriculture will understand that food isn't only grown in very large—on the plains, especially vegetables, and even chickens can be raised in urban environments where they are desperately needed, and, through aquaculture, fish. USDA has to catch up to the technology—I don't expect you to do it today, but just recognize that it exists—and keep an open mind as we move forward here.

EMERALD ASH BORER

In view of the time, there isn't a lot of time here in 5 minutes, but let me just tick off for you the emerald ash borer issue. We are hoping, in working with Secretary Bartuska, that we can get USDA to be an important player in the areas where we have serious infestation, such as with the emerald ash bore, to link what you do to what the Department of Interior is doing to what we can do through the Department of Labor, through the WIA and summer employment programs, to the Civilian Conservation Corps, to the Public Lands Corps. We need to have a coordinated effort to make maximum use of the public dollar. And I just check that off as one where we hope to work with you again. And it is extraordinarily important in Ohio and in Michigan.

And finally, let me just mention again this issue of what is urban and what is rural. I represent the largest greenhouse industry in the Midwest in Lucas County and Lorain County. We have been ignored by USDA for 100 years simply because the greenhouses were there first, and then the local cities annexed them.

And I am wondering if there is anything you can do to help us with eligibility for the 9007 program for retrofitting where energy is upwards of a third to half of the cost. We need to have USDA helping agricultural enterprise wherever they are located.

Secretary VILSACK. That, the 9007 program, is a program that—I may be corrected on this—is primarily focused on retrofitting bioethanol facilities, isn't it, and other renewable energy sources? I would have to take a look at that specific issue that you have raised.

[The information follows:]

The section 9007 Rural Energy for America Program (REAP) is entirely different from the Business and Industry (B&I) guaranteed loan program. REAP is limited, by law, to agricultural producers and rural small businesses. Our regulations for this program define "agricultural producer" to include nursery stock. However, they currently require that the project be located in a rural area. We propose to change

the regulations for FY 2010 to allow agricultural producers in non-rural areas to be considered for REAP assistance.

For the Business and Industry (B&I) guaranteed loan program, the 2008 Farm Bill included provisions that allow flexibility for areas that would otherwise be considered "non-rural" to be determined to be "rural in character" and, thus, eligible for assistance. Communities that wish to be considered for such a determination should contact their State Rural Development office.

Secretary VILSACK. On the Emerald Ash Borer, I would just tell you that we have about 185,000 square miles of Federal and State land that has been quarantined because of that. It is a very, very serious issue and allows me to point out, that invasive species is a very serious consequence to the economy and one that we need to take seriously. And it gets back to Congressman Latham's question about research; that is a focus in another area that we obviously have to focus on.

Ms. KAPTUR. Mr. Secretary, in closing, let me just say, we warmly invite you to the 9th District of Ohio to view our urban growing systems as we meet this terrible recession where unemployment rates are now close to 10 percent in some counties and over 17 percent in others.

Thank you.

Ms. DELAURO. Thank you, Ms. Kaptur.

Lots of invitations, Mr. Secretary. I know you are trying to cut back on the travel budget.

Mrs. Emerson.

Mrs. EMERSON. Come down to Missouri.

Thanks, Madam Chair.

FARM PAYMENTS LIMITS

Secretary Vilsack, let me go back to the payment limits issue, just because I wanted to follow up something that Tom said earlier. But mine has to do with the fact that you all at USDA—there are about 19 different, separate and distinct changes made to payment limits in the 2008 farm bill, all of which are right here, and I am sure you know it.

And you probably also know that that is probably three times more than—or it is more than the last three farm bills, combined, did. However, Congress was silent on the definition of "actively engaged," and I know that you all at the Department have authority to define the term.

But can you share with us, please, the Department's reasoning, why it is necessary to redefine "actively engaged" at least once, but potentially twice, over the next year? Because my farmers—and let me just follow that up by saying my farmers need certainty.

You know, everything changes. Every year things change. They can't plan out, and they are small businesses. They can't plan their lives and their businesses out 5 years because of all these changes.

Secretary VILSACK. You are correct that there were significant changes in the farm bill. We are interested, as a new administration, to make sure that we fully appreciate and understand all of the changes that went into place in regulation just prior to our taking office, and so we basically called a timeout; and with this particular area, we encourage more comment.

So we are still in the middle of the comment period. And I would like that process, if I might, to allow it to continue and go through the process to figure out precisely what people's attitudes are.

I think sometimes with these definitions, and I don't know necessarily with this one, but just as a general proposition, that there are oftentimes unintended consequences or circumstances that arise during the course of implementation that people think, well, we didn't think about that. We need to fine-tune it.

I don't know that that will be the case of "actively engaged." I won't know until we have had an opportunity to receive the comments and analyze them.

Mrs. EMERSON. Time period?

Secretary VILSACK. Well, the accounting period expires this month, and so we would anticipate and expect taking a look at those comments April 6.

Mrs. EMERSON. Okay. Let me switch to a different subject.

FARM STORAGE FACILITIES LOANS

Has the stimulus funding—because you all got so much money in the stimulus bill, and I am not complaining about where a lot of it is going to be allocated at all—but I am curious if the funding that you all got for the stimulus has in any way slowed the allocation and disbursement of long overdue fiscal year 2009 monies.

And here is my example. Farm storage loans, the bill was signed into law almost a year ago, and I am just curious why it has taken 6 months for rules to be prepared for a farm facility, farm storage facility loans. Because we are going to miss another crop year and because our farmers also continue to suffer from the basis differentials, we need those storage loans sooner rather than later.

Secretary VILSACK. Well, our focus in terms of rulemaking has been threefold:

One, making sure that we get the ACRE payment program, which is part of the overall safety net, in place as quickly as we can;

Two, upgrading the implementation of the energy portion of the farm bill, which we think has exciting potentials for rural America. As you well know, there were a number of provisions in that energy title that needed to be implemented, and we are in a process of trying to get funds out as quickly as we can, perhaps late this spring, early summer, on some of those programs; and

Three, we wanted to make sure that the conservation security stewardship program, which is also extremely important in terms of planning, that the rulemaking and so forth was finished on a timely basis. So that has been where the focus has been.

I specifically don't know about that particular rule. We will be happy to check and get back to you.

[The information follows:]

The rule for implementing the farm bill changes to the farm storage facility loan program was delayed for reasons other than the effects of the stimulus bill. Because the farm bill expanded the farm storage facility loan program to also include storage for hay, renewable biomass and other storable commodities which will likely require other types of storage than the traditional grain storage facilities it was determined that a Programmatic Environmental Assessment (PEA) would be required before the regulations could be published. On March 18, 2009 the Department issued a press release announcing two public meetings to be held in April to solicit public

input for the PEA regarding the potential impact on the environment. The comments are due May 13 at which time the PEA will be prepared for publication in the *Federal Register*. According to the National Environmental Policy Act at least a 30-day comment period must be provided for in the PEA before the regulation implementing the farm bill provisions can be published. Given those requirements the rule for the farm storage loans should be ready for publication in mid-July.

Fortunately the delay has not prevented USDA from making farm storage loans under the regulations which were in place before the 2008 farm bill. In addition to the expansion of the scope of the program mentioned earlier, the 2008 farm bill increased the maximum loan term from 7 years to 10 years and it increased the maximum loan amount from $100,000 to $500,000. The currently available loans are for grains, oilseeds, and peanuts; once the rule is put in place additional crops will be eligible as noted above and the loan terms and maximum levels will be increased.

Mrs. EMERSON. I would appreciate it.

I have another question, Madam Chairman, but I think I am going to let it go because it may require longer, and I will go into the red.

Secretary VILSACK. Just the storage loan is expected to clear in July of this year.

Mrs. EMERSON. Still might be too late, then.

Okay. Thank you. I appreciate that.

Ms. DELAURO. Thank you, Mrs. Emerson.

I am just going to rattle off three or four questions, and I am going to try to make the questions very short. And I will ask you, Mr. Secretary, to make the answers short as well.

CHILD NUTRITION PROGRAM

You have asked for $1 billion in the proposed 2010 budget blueprint to accomplish the goals on child hunger and childhood obesity. In your view, is that enough? Mr. Spratt, Chair of the Budget Committee in the Congress, has proposed $2 billion per year.

I am going to do for the record what CRS listed as program initiatives for the Child Nutrition Program, and then ask you to comment on them. But I will submit those for the record on how we might try to look at nutrition reauthorization and what we should do with regard to income levels, start-up grants, simplifying the food service rules, et cetera, and what we do about competitive foods.

About competitive foods—and I want to get an answer to this question—while we can regulate nutrition standards through federally reimbursable school nutrition programs, what should we do about competitive foods offered in schools? Should we make competitive rules mandatory or leave it to the school districts to decide?

What changes are we going to deal with to implement and what authorities are you going to request for child nutrition reauthorization and response to the IOM report?

Local school wellness programs and policies are supposed to be in place. Should we mandate schools to start a local wellness program to force school districts to take these issues seriously?

Again, with regard to education programs, like the dietary programs on nutrition education, how are we going to—I am told that we are looking at 2 years before we will know the effectiveness of some of the education messages that are out there with regard to what is good, what is nutrition, et cetera. How do we circumvent this 2-year process in this area, and can we succeed in making be-

havioral change, given the marketing and advertising to kids? Can we exercise controls in enforcing the marketing to children similar to what we do for cigarettes?

Secretary VILSACK. How much time do I have?

Ms. DELAURO. We are still on green. Let's keep rolling, Mr. Secretary.

Secretary VILSACK. Your first question about the resources, you know, obviously we have proposed a billion dollars, but we also believe there may be opportunities within the existing budget to redirect resources to encourage more nutrition and more quality foods. And I would like the opportunity to prove that case.

As it relates to competitive foods, obviously, I think that the time has come for us to have a very serious conversation about precisely what foods are in our schools. I am particularly focused, myself, on elementary and middle school. I think you have got to get these youngsters early and get habits that are good habits.

Ms. DELAURO. Should we mandate the rules?

Secretary VILSACK. You know, I think we need strong enforcement opportunities, and I think we need either mandates or incentives, either one. You know, I think incentives work if they are structured properly.

As it relates to the Institute of Medicine study, you know, our goal is to try to institute whatever recommendations they propose as quickly as we possibly can. We obviously—I obviously don't know what kinds of costs will be associated with their recommendations, but we are going to take them seriously. We didn't ask for the study just to waste people's time and energy. We are looking for serious recommendations.

Ms. DELAURO. I am looking to you, honestly because, as governor, you supported limits on the competitive foods, and you did that during the last child nutrition reauthorization. And as a department, it was three decades ago the Department tried to ban chips, cookies, soft drinks from schools, but was thwarted by the courts and by food companies. That means standing up to the—you know, and I look at us—and standing up to these challenges about what is in the best interests of our kids and nutrition.

Secretary VILSACK. I think it is important to send a consistent message that we are serious about this, because there are long-term health consequences and economic consequences if we don't address this aggressively.

On wellness, the child nutrition programs in 2004 required wellness policies. I am not sure how well that worked, and we are in the process of encouraging the Healthier U.S. Schools Program. I intend to be a little bit more vigilant on this than perhaps we have been in the past.

If you all direct us to do something, it is my responsibility to see that it is done.

Ms. DELAURO. Okay.

Secretary VILSACK. On the education issue, you know, this is an interesting one——

Ms. DELAURO. Mr. Secretary, I am going to have to, in order to—I am out of time.

Mr. Farr.

Secretary VILSACK. I did.

Ms. DELAURO. You did and you did well. We will talk about the other one later.

Mr. FARR. Thank you, Madam Chair.

NSLP OVERPAYMENTS

Mr. Secretary, I have two questions, one in relation to the discussion you had with Mr. Kingston on the overpayment or the missed payment on the school nutrition program.

President Obama said he wanted to eliminate childhood hunger in the United States. I think the issue goes that these schools sometimes feed the kid whose family may have the money to pay for the lunch, but didn't give the kid any money. So we feed him because he is hungry. And so I think we have to figure out how we streamline this program so maybe we do err on that, on feeding a kid who is hungry, regardless of a parent's income.

I mean, we don't check that child for a means test when he got on the bus in the morning. And we don't check that child for a means test before he checked out a library book from the library, but we means test him before he can get any food in the lunchroom. And if they are hungry, I think we ought to be feeding them.

I think you can find some savings from this consolidation and streamlining, even considering kind of block grants to schools that constantly qualify for these moneys. That was a statement.

FARM BILL PEST AND DISEASE FUNDING

And the question I have is that last year in the farm bill, we incorporated pest and disease language, and I represent the area where the breakout of the light brown apple moth—and other pests breaking out, but that is the big one of the moment. So we spend about $50 million annually in California to control these invasive species.

But so far—and the law specified that the Commodity Credit Corporation shall make available $12 million for fiscal year 2009, $45 million for fiscal year 2010. The previous administration abrogated their duty to implement the pest and disease provisions of the farm bill and left it up to you, and there are only 6 months left in fiscal year 2009.

OMB has not appropriated the fiscal year 2009 funding yet for pest and disease. It must be obligated by the end of the fiscal year, use it or lose it. I was wondering if you will work with us to help get OMB get this program up and running as soon as possible.

Secretary VILSACK. I have been advised that the status of funding is focused on the last days of the second quarter of this fiscal year, so it looks like we are working on trying to get those resources available.

Mr. FARR. We will get the full funding for the whole——

Secretary VILSACK. $12 million.

Mr. FARR. $12 million?

Secretary VILSACK. Yes, sir.

Mr. FARR. All right. When do you think that will——

Secretary VILSACK. It says last days of the second quarter of fiscal year 2009.

Mr. FARR. Last days of the what—there is a date for that, isn't there?

Secretary VILSACK. It would have been better off just telling you "soon."

Mr. FARR. All right.

Secretary VILSACK. We will get you the specific date.

[The information follows:]

Plant pest and disease funding, provided in the 2008 Farm Bill, was made available for obligation to the Animal and Plant Health Inspection Service as of March 30, 2009.

Mr. FARR. Thank you.

I am under the green light. You can take it away, Madam Chair.

Ms. DELAURO. Mr. Bishop.

Mr. BISHOP. Thank you very much.

FARM AND NON-FARM INCOME TESTS

Mr. Secretary, you recently announced a collaborative effort with the IRS, which I understand will allow you to improve the administration of the adjusted gross farm and nonfarm income test. While I understand the importance for strong oversight, I am concerned about the exchange of the tax information between the IRS and the USDA.

Since the new income tests are based on farm and nonfarm income, not adjusted gross income, which is readily available on the income tax returns, what specific data will you ask IRS to review in order to provide USDA with the information that USDA can actually utilize?

And how will the data be communicated between IRS and USDA? And how can you ensure that that won't be any breach of privacy? And will that information be subject to a Freedom of Information Act request?

Secretary VILSACK. It is my understanding that what will happen is that on a relatively small number of accounts, USDA will provide the IRS with some kind of taxpayer identification that indicates that this individual has received farm payments.

The IRS will then—with the authority provided with the document that is signed at the time folks receive payments, will essentially then check to make sure that the income that was reported was at or below whatever level it needed to be in order for those payments to be authorized. And at that point, they will communicate back to the USDA that farmer X or lawyer B was either entitled to receive the payment or not entitled to receive the payment.

There won't be any tax document that goes to Farm Service Agency offices. It will just be an exchange of basic information saying this person has qualified for payments or has received a payment or is applying for a payment, check to see whether or not he was legitimately entitled to receive the payment.

Mr. BISHOP. Thank you. That is my question.

Secretary VILSACK. Might I just add just one other point. If a farmer believes that a determination by the IRS is inappropriate, they obviously have the appropriate appeal rights.

I don't know the answer to your Freedom of Information request, but we will get that to you.

Ms. DELAURO. I just want to make a point on that, and there is a little time remaining there.

I would repeat, there are many programs, food stamps on up, that receive information from the IRS. So this is nothing new. People are doing it, and we ought to be able to follow suit where we find difficulties.

I think it is important to note, from 1999 to 2005, USDA paid $1.1 billion in farm payments in the names of 172,801 deceased individuals, either as an individual recipient or as a member of an entity. Of the total, 40 percent went to those who had been dead for 3 or 4 years; 19 percent went to those dead for 7 or more years.

I think we need to get this under control.

Secretary VILSACK. Madam Chair, just to comment, the analysis that Dave just provided to me indicates that our analysis is, it is not FOIable, not subject to the Freedom of Information Act.

Mr. BISHOP. Madam Chairman, my concern was making sure that the information you got from IRS was checking apples and apples to oranges and oranges, and that the information would be, in fact, helpful.

Secretary VILSACK. And we are in the process of devising specifically how this is going to be done, but the way in which I have outlined with USDA saying this person has received payments, check and make sure whether or not they are entitled to it so we don't have a replication of what the Chair just outlined.

Ms. DELAURO. Mr. Kingston.

Mr. KINGSTON. Thank you, Madam Chair.

EARMARKS ELIMINATIONS/PROGRAM TERMINATIONS

Mr. Steele, I wanted to go back to that list in terms of the letter I want you to send me.

How much money does eliminating earmarks save? You answered, but I would just like to see it again.

And then the programs that were eliminated and the contracts, because there has been this Stan Johnson issue that has come up from Iowa—you are probably familiar with it; there has been some press about it, contracts like that—how many of them have been eliminated.

CONTRACTS ELIMINATED IN THE 2010 BUDGET

Detailed budget information is scheduled to be released later this spring. Information on termination of contracts during 2010 will not be known until the completion of the fiscal year.

Mr. KINGSTON. So, and then number two, Mr. Secretary, you may have seen this article, it was covered by the AP about a woman in Warren County, Ohio, who has qualified for food stamps, but she has $80,000 in the bank and paid for a $311,000 house and a Mercedes because of the liberal interpretation of assets won't be counted against you.

As you know, we had liberalized the qualifications, saying that we want people to have college education accounts and assets that are maybe good assets and not have that used against them for eligibility of food stamps. But this appears to be a real abuse of it, and I think it is going to be an embarrassment for the USDA if we don't address it.

Do you want to comment on it now, or are you looking at something?

Secretary VILSACK. I have not actually seen that article, and I would say that we obviously have some categorical eligibility systems in place, and there may well be circumstances in situations, as you have outlined.

Again, I don't know the accuracy of that report.

Mr. KINGSTON. If you will just look at it, I think that this is going to be solved outside of this room if we don't be proactive and solve it inside this room, because I think it is the type of thing that, you know—this puts a face on the abuses out there.

[The information follows:]

Recent articles in the Ohio press have indicated that a woman with an $80,000 bank account, a luxury car, and a $300,000 home was getting SNAP benefits, and questions have been raised whether this is a proper use of program funds. Under current law, households in which each member receives benefits from other means tested assistance programs, including Temporary Assistance to Needy Families or Supplemental Security Income, are automatically eligible for the Supplemental Nutrition Assistance Program (SNAP) benefits. This is called "categorical eligibility" Also under current law, States have the flexibility to extend categorical eligibility to households that not only receive the traditional cash assistance, but who receive or are authorized to receive other services or in-kind benefits. This "expanded categorical eligibility" pertains to households whose incomes are below 200 percent of poverty, without regard to assets.

First, the scenario described in the articles assumes the person is categorically eligible for the program which means the assets of the household are not counted as provided in law. This is not true without the substantiation of categorical eligibility since the asset test for most households is $2,000 or $3,000 when there is an elderly or disabled member in the household. Under the categorical eligibility rules, even if a household has substantial savings, it must meet the net income eligibility guidelines in order to qualify for SNAP benefits. In other words, the household's income must net out at 100 percent of the poverty limit to receive benefits, and if not, they may be categorically eligible, but the benefit amount would be zero.

Second, the value of a home has never been considered as a resource in this program. Many working people who lose jobs may be without any income and we hope that SNAP can help them through a hard time and they don't lose their homes. Finally, since 2001, States have had the flexibility to exclude vehicles from the resource test—in the regular program as well as when categorical eligibility has been established. Almost every State excludes at least one vehicle per household. Most people need a car to get to work. States don't have to spend time documenting car ownership and fair market value. Again, people who lose jobs may have more valuable cars but if they don't find work soon they won't be able to keep up with the car payments. During these difficult economic times, categorical eligibility enables SNAP to meet the household's immediate food needs and affords States administrative relief in determining eligibility.

Mr. KINGSTON. I wanted to switch gears with you, though.

ALTERNATIVE ENERGY INITIATIVES

In terms of the President's number 2 and 3 goals, which relate to energy efficiency, I don't know if you are familiar with this report by the Research, Education and Extension Service, came out last March; and it was by Gale Buchanan, who was the under secretary at the time.

You probably haven't seen it, and I don't think that position has been filled, but this was done by the USDA at the urging of this committee, members of this committee, individually and collectively. So I think it is a pretty good report and it is totally in line with the President's number 2 and 3 priorities in terms of alternative energy and stuff like that.

So I will give it to you before you leave the room, but I am sure you have lots of people who have actually coauthored that.

TRADE ISSUES

Then my next point that I wanted to make, within the 5 minutes, is on trade. I am interested in trade. I am somebody who had actually voted against NAFTA and voted against GATT and most favored nations with China; but I realize now it is a completely different world and that there are a lot of different opportunities out there for our farmers in terms of international trade.

And yet we get some mixed signals from this administration. Sometimes the President seems to talk a good game about global trade, but then it seems that things like the Colombia Trade Agreements are not even going to be put on the floor of the House for a vote.

Will the USDA be getting involved in urging Congress to look at trade agreements?

Secretary VILSACK. Well, let me just use your question to give sort of an overview, and then I will respond to it.

We expect exports to be down a bit from where they were in 2008, but that was a record year. The expectation is that exports will still be higher than they were in 2007, and that was the second-highest year. So we are still aggressively pursuing exports.

I will tell you that we have an issue that has to be dealt with. The inspector general has suggested that we needed a more coordinated approach and a better marketing strategy for some of our crops, particularly biotechnology, and we are going to work on that. We are going to work closely with Ron Kirk, the U.S. Trade Representative, to make sure that agriculture and agricultural interests are always at the table and that people understand, as we negotiate and discuss trade agreements, that we, in fact, protect the agriculture interests of this country. That is something that I think is my responsibility.

And we intend to be aggressive in an effort to try to encourage our trading partners. We have issues relative to beef that need to be addressed, I think fairly aggressively, with some of our trading partners, which could open up new opportunities. We haven't quite recovered from the BSE circumstance in 2003. We are focused on some of the countries that could help us get back up to 2003–and-beyond levels.

Mr. KINGSTON. Okay, well, thank you. And I am out of time.

Ms. DELAURO. Mr. Davis.

VENDING MACHINES IN SCHOOLS

Mr. DAVIS. I heard a story once about a technician who went to one of the farms and was trying to advise a farmer what he should do conservation-wise. And the farmer said, Young fellow, I know you have just graduated from college, but I have owned three farms before you came here. I understand how to farm.

But I went to high school and graduated in 1962; and prior to that in the elementary school systems, I never saw in our school buildings a dispenser where you could plug in and get a soda pop, where you could plug in and get a candy bar, where you could plug in and get some, in my opinion, lack of nutritious food.

My wife teaches. She will retire this year, 30 years. She says one of the worst problems we have today, that is bringing about obe-

sity, is the convenience of the machines that you plug your money in, that your parents send you to school with, and buy that instead of the hot-lunch program.

Are you willing to say that any school that obtains hot-lunch program, that gets dollars to where we can have a nutritious program for our children, that we will ban those, in my opinion, that we will ban those facilities from those schools?

Secretary VILSACK. Congressman, I am willing to say that we need an aggressive policy on vending machines and on those food products.

Now, I am particularly focused on elementary and middle schools, in particular, because I really do believe that you have to get those habits early, early. And the chairwoman mentioned earlier advertising, and I think it is important for us, for the food industry, for USDA, for all of us to understand this isn't just about children and education. It is really about health care, it is about the future of this country. So this is a very important subject.

Now, I am willing to work on mandates or incentives, or a combination of both, to make sure that we have as healthy and as well an environment as we possibly can for our children.

Mr. DAVIS. I am not implying that vending machines are all bad; if they have fruit in those, or fruit juices, nutritious food that a child can obtain, I am okay with that. But some of the high sodium, some of the low nutrients that are our children are getting.

My wife teaches second grade. She taught first grade for 14 years. I know these are used from time to time to raise funds to buy paper or pencils for children, but there ought to be another way to do it.

I just hope that we can work together in being able to bring about at least a change of the dollars that we spend to use that—I don't want to use this as a bully pulpit or a hammer, but we have got to start looking at the health conditions our children will bring to themselves when they become adults, through obesity and diabetes.

Secretary VILSACK. I would also suggest that we need to look at earlier in life. We need to do—continue to do a job of educating young parents about the nutritional needs of their children, and we need to do a better job of focusing on child-care facilities and preschool facilities to make sure that the snacks and programs that are available, that we send a consistent message.

We have started a process with public service announcements, and basically working with some of the better-known children shows, like Sesame Street, to encourage young parents to really focus on this.

Mr. DAVIS. WIC has done, I think, in my opinion, a pretty decent job with that, but we do have to do additional education.

RURAL HOUSING

The second thing I want to talk about—my time is about to run out. 1967, when I talked a moment ago about housing in rural areas through the direct loan program of 502 individual housing, we actually built 47,973 homes. That grew 10 years later towards 107,000 individual homes that were built in rural America. And it had to be in America, in towns that had less than—I think 2,500

through 3,000 population at the time was the number. Today—as an example, 100,000 then, 30-some years ago—today, through the guarantee program, 58,000 and 9,000 direct, roughly 68,000 homes, opportunities today for rural Americans who have—in my opinion, the others are being left out because they don't know where to go.

I hope we take a serious look at the 502 loan program in being able to add additional funds through the guarantee program and bring back the low-interest creditor interest assistance loans.

My time is about to run out. Thank you, sir.

Secretary VILSACK. Well, I think there is also a great opportunity for us to make those homes that do exist in rural America far more energy efficient.

Mr. DAVIS. Oh, no question.

Secretary VILSACK. And that creates new jobs and new companies.

Mr. DAVIS. That has to happen. That will be part—efficient homes will be part of any energy policy we have. I am not as concerned about—as some folks about global warming or climate change. It is economic security and it is—national security is why we have to have, in my opinion, a new energy policy in this country.

Ms. DELAURO. Mr. Hinchey.

Mr. HINCHEY. Thank you, Madam Chair.

LOCAL FARMS

I just want to return briefly to the idea of local farms, small farms, family farms. And I was trying to find out what approach was being taken in the recommendations of the 2010 budget for those issues: small family farms, what was being done to promote agriculture at that level.

Secretary VILSACK. Well, a series of efforts to create local markets, so that it is easier for people to market the products and produce that they are producing: the Farmers Market Promotion Program; the Senior Farmers Market Nutrition Program; the Special Supplemental Program for WIC; resources in the SNAP program; as well as school nutrition.

We are trying to create—and using some of the B&I loans to create distribution centers so that folks in the local area can sort of consolidate their products and then, in turn, those can be sold to institutional purchasers so that you create local markets. There is going to be a significant focus on creating more local market opportunities.

When you have 108,000 new entrepreneurs out there who are selling several thousand dollars worth of goods, if you can get them more markets, more opportunities to expand, you can move them ultimately into mid-sized operations. That helps to repopulate rural communities; it helps to create a series of new businesses that are offshoots of that effort. It supports the local implement dealer, it supports the local hardware store, it supports a wide variety of activities; so a focus on creating markets.

Mr. HINCHEY. Well, that is very good. I think the markets are there, no question about it. And I think that there is a growing interest on the part of a lot of people who live in urban areas, particularly in large cities, who are interested in locally grown

produce, things that are grown nearby. And because they are grown nearby, they understand that they are fresher and probably better, probably more safe and secure.

Secretary VILSACK. I think there is a growing desire on the part of consumers in America to know more about their food, and that is a good thing.

And I hope that young people—in particular, that we do a better job of educating young people precisely about where their food comes from, which is why these gardens in the urban centers in schools and USDA locations around, I think, are important to be able to reconnect people with precisely where their food comes from.

It doesn't come from a grocery store. It comes from a farm or a ranch initially.

URBAN AND RURAL DEVELOPMENT

Mr. HINCHEY. Just finally, is there any interest in what seems to be in some rural areas kind of rural development, which is going on, which is eliminating the ability of agriculture to function on those areas?

In other words, agricultural lands are being turned into community development properties, houses are being built, things of that nature, spreading out. And I think that is happening in a lot of areas close to urban areas, particularly here in D.C. In places like Maryland and Virginia there are a host of agricultural lands that are being just taken up as a result of increase in development, particularly housing development.

CONSERVING AGRICULTURAL PROPERTY

Is there any interest in that, to try to ensure that in the long term we are able to sustain the kind of good, substantial agricultural property that we have to produce the food and fiber that our country needs?

Secretary VILSACK. I would say that there are several initiatives. One is to make sure that we are investing, not just in new development, but in the rehab of existing facilities.

Back to Congressman Davis' point, I think it is important and necessary for us to consider looking at reducing sort of the carbon footprint of development in the future. One way you do that is by taking existing buildings and making them more efficient, modernizing them and creating new opportunities, particularly in central business areas that have become somewhat dilapidated or are in tough shape. There is real opportunity there for rehabs.

Secondly, I think it is also important for us to continue to invest in conservation techniques so that we preserve the quality of our soil and our water. It is very, very important for us to do that, and frankly, we need to do more of that.

The top soil that we are all used to, if we don't do the right things from a conservation standpoint, won't always be there. And we are seeing the effects of that in some of our rivers and streams and down in the Gulf.

So there are multiple strategies there.

Mr. HINCHEY. Mr. Secretary, thank you.

Ms. DELAURO. Mrs. Emerson.

Mrs. EMERSON. Thank you.

Let me mention something interesting to Maurice and also to you, Secretary Vilsack. I actually have a few farmers who—in my very big rural district, who actually grow hydroponics specifically for the school-lunch programs, so that our kids in our schools, who normally are eating french fries and burgers, actually are having some good things. So—we are doing new things, even in rural areas where we would traditionally do row cropping, so just by way of interest.

MCGOVERN-DOLE FEEDING PROGRAM

I also want to thank you, Secretary Vilsack, for your initiative, your recent initiative, to transfer nonfat dry milk from the CCC to the Food and Nutrition Service for domestic food programs; and also so, so grateful for the 500,000 pounds of nonfat dry milk for the McGovern-Dole school feeding program. It will make a huge difference.

Do you have any idea how many of the world's hungry children are going to benefit from this initiative?

Secretary VILSACK. I don't have a number. I will tell you that it complements what we are trying to do on the budget, which is to increase funding for the McGovern-Dole Program. That is funding—as you well know, better than I do, it has been fairly static; and this is an opportunity, I think, for us to put a slightly different face on America through the use of what we grow and also what we know.

I am hopeful that we do a better job of encouraging developing nations to take advantage of the technical assistance and help that we can provide.

Mrs. EMERSON. Well, I hope—I know that your heart is there, and I just hope that this will be a sustained effort over time. And it will also—it also happens to benefit our dairy farmers as well, who are really, really hurting right now.

Secretary VILSACK. They are indeed. And I do know that in 2009 we expect the McGovern-Dole bill generally to assist nearly 4 million people.

[The information follows:]

The 500,000 pounds of nonfat dry milk from Commodity Credit Corporation inventory will benefit approximately 50,000 children per year for three years through Save the Children's McGovern-Dole school feeding program in Yemen. These children are among the 4 million beneficiaries in FY 2009 of the McGovern-Dole program. The donated milk will be combined with baking powder, corn soy blend, salt, vegetable oil and years to be baked into bread and fed directly to children in 64 schools.

Mrs. EMERSON. Excellent.

Well, I certainly appreciate, and all of us here so strongly believe in that program that anything that you all will be willing to do to rob from Peter to pay Paul to increase that funding would be wonderful. And there is more than just feeding hungry people; we benefit as a country as well.

MARKET DEVELOPMENT ACTIVITIES IN CUBA

I have a question. You probably may need to answer it for the record, because it is a little long and it is a forward-thinking ques-

tion. But it has to do with Cuba. And in our fiscal 2009 omnibus bill we actually had a recommitment of sorts to allowing simple cash-in-advance sales of agricultural goods to that country.

Well, the Secretary of Agriculture—excuse me, of the Treasury, not you, indicated an unwillingness to follow congressional intent. Many of us in Congress are going to continue to try to expand legal sales of agricultural products to Cuba. I am happy to report that we sold $700 million in 2008, which is the largest year ever.

Anyway, in that context, it is my understanding that U.S. agricultural industry trade associations, such as the FAS Foreign Market Development cooperators or the Market Access Program participants are allowed to undertake market development activities in Cuba, provided they receive a license, but not using Federal funds.

And I need—I would like to know, for the record, unless you know, is the prohibition statutory or is it regulatory; and what other countries might we limit in this same manner?

Secretary VILSACK. I don't know the answer to that question, and we will be happy to provide it to you.

[The information follows:]

Commodity Credit Corporation funds may not be used for market development or export promotion activities in Cuba and certain other countries. Section 908(a)(1) of the Trade Sanctions Reform and Export Enhancement Act of 2000 states that "No U.S. Government assistance, including United States foreign assistance, United States export assistance, and any United States credit or guarantees shall be available for exports to Cuba or for commercial exports to Iran, Libya, North Korea, or Sudan." However, in 2004, former President Bush waived application of this provision to Libya. These prohibitions do not prevent private U.S. entities, including USDA cooperators, from undertaking activities in Cuba with their own funding. Such private activities by USDA cooperators, however, cannot be counted as contributions to USDA supported programs.

Mrs. EMERSON. I appreciate that and appreciate anything that you can do to help our farmers and producers be better able in the future to excel.

Secretary VILSACK. That is a complex issue, as you well know.

Mrs. EMERSON. Thanks.

Ms. DELAURO. I would just want to put an asterisk as to what Mrs. Emerson talked about with the McGovern-Dole; and I would ask you, Mr. Secretary, many of us fought for McGovern-Dole in the last farm bill, and we were—we thought we had made a little bit of progress. This committee, this subcommittee is committed to McGovern-Dole.

One of the things we heard over and over again—and I hope that we can use your good offices for this, is that McGovern-Dole—what is it, what is it about, it is not working, it is not an effective program. It is clearly one of the most effective programs. We had such a difficult time explaining to our own colleagues, both sides of the aisle, the effectiveness of McGovern-Dole and also how it ties into national security issues as well as a feeding program.

And I couldn't more endorse Mrs. Emerson's comments on Cuba.

With that, Ms. Kaptur.

Ms. KAPTUR. Thank you, Madam Chair.

SCHOOL FOOD PURCHASES

Secretary Vilsack, I would like to ask your help in helping me unwind the food purchases of the city of Toledo school system and the city of Sandusky, Ohio, school system.

On pages 27(g)–38 and 39 of your submission, there are summaries of what Food and Nutrition Services purchases nationally. It is very interesting to look down the list and really see the majority of it is processed food, and even the amount of fresh tomatoes is so small, it is actually shocking.

I am one of those people that believes in go local, grow local, buy local. Our city school systems cannot tell me—they say they cannot report to me what they buy because they report it to the State, and then the State buys, and then they report it to you.

So I am wondering, could you help me figure out, of the money that we vote for up here for our schools, just in two school districts in Ohio, can you find me the numbers of what they are buying, how much they are buying and what the price they are paying for it is?

I would like to compare to the list you are submitting here.

Secretary VILSACK. Well, I think that list was from last year's budget, but we will try to get you updated information. I will tell you that we are obviously very interested in increasing, as Congress has instructed us to do, fruits and vegetables in those diets.

[The information follows:]

The foods purchased by the Food and Nutrition Service (FNS) for school systems in Ohio are delivered to four central warehouses located in Cincinnati, Cleveland, Dayton, and Columbus and are then delivered to the individual school districts. FNS is unable to track the shipments beyond the central warehouses, so we are unable to provide data specifically for the Toledo and Sandusky school districts. The attached spreadsheets provide updated purchase information for FY 2008.

FOOD AND NUTRITION SERVICE
CHILD NUTRITION PROGRAM
Quantity and Value of Commodities
Fiscal Year 2008

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE**		
APPLE SLICES	7,962,396	$4,523,975
APPLES	2,241,181	1,038,544
APPLESAUCE 10	27,740,628	11,277,592
APRICOTS	3,406,211	2,321,023
BEANS, B LIMA CND	209,955	88,189
BEANS, BLK TUTL 10	104,976	33,869
BEANS, BLKEYE CND	454,898	135,667
BEANS, GBZO CND	489,888	174,107
BEANS, GREEN 10	23,496,768	9,082,882
BEANS, GREEN FROZEN	3,265,800	1,807,963
BEANS, KIDNEY CND	1,014,772	357,884
BEANS, PINK CND	1,224,720	350,784
BEANS, PINTO	5,315,612	1,617,145
BEANS, REFRIED	3,746,736	1,531,238
BEANS, S RED CND	1,679,620	563,678
BEANS, VEG 10	5,114,920	1,562,094
BEEF PATTIES, ALL 40	2,660,000	4,824,683
BEEF PATTIES, LEAN 40	1,558,000	3,195,999
BEEF PATTIES, SPP 40	2,850,000	4,259,292
BEEF, 40	28,378,200	46,051,611
BEEF, BULK COARSE	58,170,000	90,949,478
BEEF, CND 24 OZ	612,000	1,554,148
BEEF, CRUMB	2,440,000	4,227,350
BEEF, SPECIAL TRIM FRZ	168,000	423,192
BF BNLS FRSH COMBO	3,880,000	6,680,814
BF PTY LFT	76,000	174,390
BF PTY SPP CKDHSY 40	2,584,000	4,662,512
BLUEBERRIES	633,600	1,081,125
BONELESS PICNIC 60LB	10,765,380	12,340,173
CARROTS 30	2,565,000	1,080,094
CARROTS, 10	3,448,754	1,343,465
CATFISH STRIPS	756,840	2,817,143
CHERRIES DRIED	29,568	117,311
CHERRIES FRZ	460,800	361,705
CHERRIES IQF	115,200	98,583
CHICKEN BURGERS FRZ	975,000	2,133,494
CHICKEN CND	487,503	1,022 067
CHICKEN LEGS CHILL	3,420,000	2,531,340
CHICKEN NUGGETS SOC	106,800	94,233
CHICKEN PATTIES SOC	117,000	99,368
CHICKEN, BREADED	11,700,000	19,243,582
CHICKEN, CHILLED BULK	139 824,000	94,555,361
CHICKEN, CUT-UP FROZEN	7,920,000	5,835,221
CHICKEN, DICED FROZEN	5,720,000	13,412,999
CHICKEN, FAJITA MEAT FROZEN	10,179,000	22,185,865
CHICKEN, THIGHS CHILLED	432,000	222,480
CORN COB	4 870,800	2,765,078
CORN CQD 10	19 177,335	7,522,092
CORN, FROZEN	10,216,800	6,362,090
CRANBERRY SAUCE	331,776	174,173
DPSC-FRESH PRODUCE*		52,103,940
EGGS, WHOLE FROZEN	3 281,220	3,235 197
EGGS, WHOLE LIQUID	6,384,000	6,134,574
FRUIT MIX 10	21,424,965	12,244,177
HAM COOKED FRZ CUBE	1,800,000	3,590,961
HAM COOKED FRZ SLICED	4,280,000	8,302,914
HAM, FRZ WATERADO 40	5,440,000	7,870,288
ORANGE JUICE	5,295,360	3,702 865
PEACHES, CLING	38,880,325	22,017,278
PEACHES, CUP 4 4	9,328,758	8,755,651
PEACHES, FROZEN	608,000	455,048
PEARS	30,053,018	16,292,488
PEAS, CANNED	4,106,744	1,857,088
PEAS, FROZEN	3,871,800	2,663,856
PORK C SLOPPY JOE	840,000	1,028,561
PORK CRUMB W/ SPP	120,000	167 160
PORK PTY CKD	120,000	211,440
PORK SND PTY CKD	190,000	272,460
PORK, CANNED 24 OZ	648,000	1,295,518
PORK, ROAST FROZEN	4,440,000	6,153,836
POTATO ROUNDS FROZEN	20,354,400	9,200,312
POTATO WEDGES, FROZEN	14,533,200	7,625,461
POTATOES BULK, PROC	56,214,670	4,404,421
POTATOES, OVEN	14,097,600	6,975,269
RAISINS	2,001,745	2,477,595
SALSA, CANNED	9,316,784	3,612,386
SPAGHETTI SAUCE, CANNED	12,033,798	3,420,623
STRAWBERRIES	13 142,421	13 776 031
SWEET POTATOES	3,644,303	1,367,670
TOMATO PASTE BULK	2,702,700	1,326,742
TOMATO PASTE, CANNED	2,315,694	1,209,001
TOMATO PASTE, DRUM	1,117,080	643 542
TOMATO SAUCE, CANNED	3,226,437	936,961
TOMATOES, DICED CANNED	4 604,696	1,740 302
TUNA 66 5	2,765,082	6,853,035
TUNA, POUCH	794,643	2,527,150
TURKEY, BREAST DELI FROZEN	10,838,970	22,067,721
TURKEY, CHILLED BULK	16 236,000	14,714,970
TURKEY, GROUND	40,000	35,680
TURKEY, HAM FROZEN	6,360,000	9,213,141
TURKEY, ROASTS FROZEN	10,324,000	17,583,954
TURKEY, TACO	1,443,000	1,898 887
TURKEY, WHOLE FROZEN	1,026,000	1,126,946
Total Section 6/32 Type	775 343,800	$693,962,245

FOOD AND NUTRITION SERVICE
CHILD NUTRITION PROGRAM (Cont.)

Quantity and Value of Commodities
Fiscal Year 2008

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 416 TYPE		
BHW & BSW	19,989,300	$6,649,841
CHEESE BARREL 500	18,160,000	37,568,525
CHEESE LOAVES	3,405,600	7,046,308
CHEESE MOZZARELLA	71,285 760	148,807,987
CHEESE, BLEND SLICED	8,276,400	16,315,566
CHEESE, CHEDDAR	2,277,156	5,058,365
CHEESE, CHEDDAR, RED FAT SHRED	4,608,000	10,331,072
CHEESE, CHEDDAR, REDUCED FAT	239,701	560,205
CHEESE, CHEDDAR, SHREDDED	4,953,600	11,032,176
CHEESE, PASTUR BULK	39,600	82,724
CHEESE, SLICED	19,087,200	39,204,596
CORN, YELLOW	688,500	97,198
CORNMEAL	428,400	102,649
FLOUR	23,706,360	7,490,246
FLOUR MIX	42,000	30,358
FLOUR MIX, LOWFAT	714,000	597,964
GRITS	328,520	40,279
MACARONI	2,018,000	1,222,568
MASA 50 YELLOW	172,800	48,082
MILK, UHT FLUID 2%	38,143	24,637
OATS, ROLLED	522 384	250,940
OIL, SOYBEAN LSF	1,552,320	1,462,185
OIL, VEGETABLE	15,273 743	10,835,970
PEANUT BUTTER	12,644,800	11,687,939
RICE, BROWN	1,260,000	665,654
RICE, L & M	7,182 000	3,365,957
RICE, PARBOILED	1,302,000	672,554
ROTINI	3,248,000	2,067,311
SHORTENING	37,440	39,466
SHORTENING LIQ	406,560	259,396
SPAGHETTI	3,742,000	2,146,741
SUNFLOWER BUTTER	443,520	736,945
Total Section 416 Type	227,873,807	$326,502,404
Anticipated Adjustment		1,948,784
AMS / FSA / PCIMS Admin Expenses		$9,699,784
TOTAL COMMODITY ENTITLEMENT	1,003,217,607	$1,032,113,217

BONUS COMMODITIES	Pounds	Dollars
SECTION 32 TYPE**		
APPLE SLICES	6,689 748	$4,591,990
APPLESAUCE	12,371,912	6,328,430
APRICOTS, CANNED	443,232	249,135
BEANS	11 021,093	5,362,524
BLACKBERRY MARION PUREE	194,235	192,940
CARROTS	4,692,689	2,406,086
CHERRIES	3,463,938	3,466,062
CRANBERRY PRODUCTS	346 500	1,021,704
FRUIT-NUT MIX	1,614,704	4,014,065
PEACH PRODUCTS	19,218 196	19,430 012
PEAR PRODUCTS	6,232,172	3 807,512
PEAS	3,854,578	2,070,105
POTATO PRODUCTS	59,345,330	4 661 118
RAISINS	391,248	520,097
SALSA	1,631,345	754,840
SPAGHETTI SAUCE	3,632 843	1,110,175
STRAWBERRIES	1,821,600	1,926,217
SWEET POTATO PRODUCTS	3,926,624	1,961,709
TOMATO SAUCE	906,300	302,066
TOMATOES, DICED	1,848,855	920,496
Total Section 32 Type	143,647,142	$65,097,283

BONUS COMMODITIES	Pounds	Dollars
SECTION 416 TYPE		
NONE		
Total Section 416 Type	0	$0
Anticipated Adjustment		
TOTAL BONUS COMMODITIES	143,647,142	$65,097,283
TOTAL – ALL COMMODITIES	1,146,864,749	$1,097,210,500
Cash In-Lieu of Commodities		120,335 764 0
GRAND TOTAL	1,146,864,749	$1,217,546,264

Source PCIMS -- Delivery order and contract information
* DPSC-FRESH PRODUCE figure is from ECOS PY2008 Entitlement Report
** Figures include Farm Bill Procurements

Ms. KAPTUR. I am glad to hear you say that. It is a perfect lead-in.

We just had some photos delivered to your staff there. I hope they shared them with you. One is of a vertical growing system that we are using in the city of Toledo right now, in conjunction with our hospitals that are desperately worried about the children coming into their emergency rooms with rising levels of diabetes and so forth.

And we need your help in raising consciousness even more and not just thinking food stamps are the answer for the city. That is almost an insult. And I vote for food stamps, but when I look at my district, $100 million a year comes into my biggest county for food stamps, say, $100 million, that is more money than will come in for CDBG, all these other Federal programs. That is the biggest investment program we have on an annual basis.

And it doesn't create fishermen. All it does is tell people how to try to spend that money at some outfit to buy nachos or Cheetos—sorry to offend anybody out there by a product by that name—but in food deserts, there isn't good food. So I am on a mission, and my mission is to get our children fed properly and to have those communities involved in the production of their own food.

This is not a radical idea. The farm bill of 2008 says your mission at USDA is to assist eligible agricultural producers and rural small businesses. It doesn't say agricultural producers that are located only in the Plains States; it says agricultural producers. And if we have youth and others that can produce in those pots that are before you in that photo, or in those schoolhouses, 12 months out of the year, who are hungry, and they don't have good nutrition, how can we say "no" to them? We have to turn these programs to the benefit of the American people.

There is a book out, No Child Left in the Woods, about how urban kids are afraid of the outdoors. They love their computer. Boy Scouts are declining in membership, Girl Scouts. Why? They don't like the outdoors.

What kind of society are we producing here? We have got epidemic levels of ADD, ADHD.

Children have to be comfortable with nature. They have to live in nature. We have taken that away from them. Agricultural production is a very important part of life. You know that coming from Iowa. So I just wanted to point out the new farm bill, the new authorities that are at USDA.

The First Lady understands this. Many of us up here have been talking about it. The staff at USDA needs to understand this. You have to serve your Secretary well. There is a new farm bill. It has some new focuses. We need to bring that back to the American people.

Thank you for letting me make that statement. I look for your help in trying to figure out what the city of Toledo school system is buying and the Sandusky school system with dollar amounts and volumes attached. It shouldn't be this hard.

RURAL ENERGY FOR AMERICA

Mr. Secretary, I just wanted to point out also, under section 9007 on Rural Energy for America, that section does not just concern

biofuels. Under the new farm bill, that is for energy audits, and those energy audits can happen at agricultural producers. If they are greenhouse growers, if they are landscapers, if they were nurserymen, if they are running greenhouses, they should be eligible for those programs; they should not be excluded.

Secretary VILSACK. Those grants are now in the process of being awarded.

May I make just a couple of comments?

I would ask this committee to do all of us a favor, and I know this is going to be hard for you all to do.

Ms. DELAURO. Try us.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Secretary VILSACK. But we don't have food stamps. We have a Supplemental Nutrition Assistance Program.

Ms. DELAURO. I am there.

Secretary VILSACK. The reason I say this, it is an important message issue here that this is really about increasing—it is your point, increasing the nutritional value of what our children and our families have.

The concept of food stamps has, I think, a negative connotation that doesn't get to the whole issue of nutrition. And so I have been encouraging people in my department to really make the transition away from food stamps to SNAP. It is a very important message issue.

There are several guides that we have published recently encouraging schools to Eat Smart, a guide to buying and serving locally grown produce in schools. It is on the Web. I will get you the sites so that you can link it to your Web site. There is also one, bring small farms and local schools together.

So we are cognizant of the changes in the farm bill and the direction of the farm bill. We take it very seriously, and we are going to continue to do so.

[The information follows:]

The Small Farms/School Meals Initiative, popularly called the "farm-to-school" initiative, is based on the cooperation of Federal, State, and local governments, as well as local farm and educational organizations, and encourages small farmers to sell fresh fruits and vegetables to schools and schools to buy this wholesome produce from small farmers. Both schools and small farmers benefit from their participation in the "farm-to-school" initiative. Schools provide children fresh, tasty, nutritious produce, while small farmers acquire new markets. Schools are able to provide fresh produce quickly and with lower transportation costs by buying it from small farmers instead of from distant markets. And children learn from farmers who visit their classrooms about how the produce is grown and the role it plays in a healthful diet, thereby experiencing first-hand in both the classroom and the cafeteria the value and appeal of fresh fruits and vegetables.

The FNS Web site provides a manual that is a step-by-step guide of activities for groups to plan, conduct, and publicize a professional town hall meeting that encourages small farmers and local school food officials to begin a "farm-to-school" project. This manual can be found at *http://www.fns.usda.gov/cnd/Lunch/Downloadable/small.pdf*.

The Eat Smart. Play Hard.™ Campaign was launched by USDA's Food and Nutrition Service (FNS) to encourage and teach children, parents, and caregivers to eat healthy and be physically active every day. Eat Smart. Play Hard.™ offers resources and tools to convey and reinforce healthy eating and lifestyle behaviors that are consistent with the Dietary Guidelines for Americans and the MyPyramid Food Guidance System. Eat Smart. Play Hard.™ is about making America's children

healthier. Resources are available on the FNS Web site at *http://teamnutrition.usda.gov/Resources/eatsmartmaterials.html*.

Ms. KAPTUR. Madam Chair, I know the time has expired. I thank the Secretary.

Let me just say, the words are great, but at the local level where we live, we know it is not rolled out. We know it is not happening. It is 1 percent of 100 percent that needs to be done.

So we are glad for the new farm bill. We are glad for the sensitivity of the Secretary. But just recognize, when we write words in Washington, you know they come down in Iowa always, they don't come down in Ohio.

Secretary VILSACK. That is our job to get them to the people. You are right.

Ms. DELAURO. Thank you, Ms. Kaptur.

NATIONAL ANIMAL IDENTIFICATION PROGRAM

I want to move to a different issue, which is the National Animal Identification Program; $142 million expenditure by Congress and the taxpayers, an enormous amount of money through fiscal year 2009—as I said, $142 million—and we still have no meaningful ID system.

February 2009, APHIS had enrolled about 500,000 livestock premises into NAIS. This represents about 135,000 livestock premises in the country.

Last year about this time we discussed this issue with the prior administration; NAIS had enrolled 32 percent of livestock operations. Twelve months later we have increased by 3 percent; this is after 5 years of funding. I think USDA may have crossed a line from implementing a voluntary system to a dilatory animal ID system.

Don't take my word for it. This is what Dr. John Clifford, APHIS's chief veterinarian, said before the House Agriculture Committee not too long ago. This is his opinion, and I quote, "The system we have has not worked. Unless we can put enough incentives in it for livestock producers to voluntarily participate, it needs to be mandatory. The system has to be effective, and this is not effective."

The consensus is, a new approach, 5 years has not worked; tens of millions of dollars, not worked. We have to have a better way of dealing with this.

Mr. Secretary, do you support a mandatory animal identification system? I am going to ask you that question.

My colleague, Congressman Peterson, who heads up the authorization committee, has said he will not support another dollar for NAIS unless the Obama administration supports a mandatory system. In his view, the current system does not work; and continuing the Bush policy is a waste of money after 5 years of the Bush administration's ineffective voluntary approach, where the livestock industry had ample opportunity for input and for comment.

I want to get an answer to the question on a mandatory ID system.

Secretary VILSACK. Madam Chair, I am supportive of the effort to make sure that we have an identification system that will allow us to prevent and/or mitigate problems.

I would like the opportunity to sit down with those who have been opposed to a mandatory system in the very near term, to work through whatever difficulties they have from a privacy or a confidentiality standpoint, to see, as we structure such a program, if we can respond to those concerns. Because my concern is that if you have a mandatory system, and you do not address those issues in an appropriate way, you can have people spending a lot of time and a lot of resources trying to figure out how to get around the system.

What we want is a system that works. We want a system that people comply with.

Ms. DELAURO. I am going to suggest to you, Mr. Secretary, we have had a lot of people for the last 5 years trying to figure out how to get around the voluntary system.

Secretary VILSACK. I don't disagree with you.

Ms. DELAURO. And why? Why should we continue to appropriate money for a failed system?

Secretary VILSACK. I am not suggesting you should.

I am just saying that when you set up a system, whatever system you set up, if there are concerns about privacy and confidentiality, we need to address those as we set the system up. I would assume that you would agree with that.

Ms. DELAURO. Well, I would agree with that except that we have had ample time in which to do this. This is nothing but a continuation of a dilatory tactic.

And let me just say, in terms of the livestock industry—I say it loud and clear to them—what better would protect the livestock industry, support U.S. exports, protect American consumers, the Bush animal ID system or a mandatory identification system?

I mean, the USDA announced in March 2007 that it was going to conduct a cost-benefit analysis for NAIS. Two years later, aside from hearing rumors about being completed, we are still waiting to learn about the results of this study. Is there an analysis? What is the analysis? Is it going to be made available to all of us, or are we just going to—you know.

And we tried to hold back the last time, and we were persuaded that we should put, I think, an additional $14 million in this program, which is in the current appropriations bill.

Why are we throwing good money after bad with an industry that doesn't want to move?

Secretary VILSACK. Madam Chair, I am not disagreeing with you. I am just suggesting that—and I have talked to Chairman Peterson about this, and he understands, I think, what I am talking about, which is basically giving—you go ahead with the process.

I would agree with you that we have to spend these monies more wisely and we have to have a system that works, right. But what I am suggesting is that I think it will work better if I at least have the opportunity to get people around the table, have them explain what their confidentiality and privacy issues are, and see if there is a way in which, as this system is being set up by all of you, that we can address those issues in a way that we don't have problems with a mandatory system once it is implemented.

That is my only concern.

Ms. DELAURO. I am going to say to you, Mr. Secretary, the clock is ticking. I don't know how long you are going to need to talk to these folks. It should be a very short conversation.

Secretary VILSACK. Weeks.

Ms. DELAURO. Five years they have had an opportunity to think this through, and $142 million; and we have zero to show for it.

Wisconsin, 100 percent, 100 percent registration. Why? Mandatory. I rest my case and my time is up.

Mr. Kingston.

Mr. KINGSTON. Thank you, Madam Chair.

Mr. Secretary, what did you think of the most recent study of powder post beetles in South Carolina? I just wanted to make sure you are still with us. That is the only thing, for example, I can think of that we haven't covered so far.

Ms. DELAURO. Not true, Jack.

SCHOOL VENDING MACHINES

Mr. KINGSTON. Not true at all. I did want to point out something on vending machines, that the American Heart Association, in association with the William J. Clinton Foundation has been studying and working on the vending machine issue, which I think we all understand the schools want the revenue and we want the nutrition.

But because of that, the program has already reduced beverage calories in school by 58 percent, and 79 percent of beverage companies are complying with it. So there is some good movement in that direction, and I just wanted to underscore that.

RURAL BROADBAND

I wanted to ask, though, about broadband. You know, you have the RUS that has the existing program, and now we have a new program. I am glad you are talking, but I do think—this is a bipartisan belief of this committee—that we want RUS to be the lead and continue to.

For one thing, you have an existing definition of "rural area" in the farm bill. And would you continue to use that same definition, do you know?

Secretary VILSACK. I think we are working on refining that definition. I think the instruction was that we really needed to be more specific about what that definition is.

But as it relates to broadband, I think it is fairly clear that what we are focusing on are rural unserved areas, for the most part.

Mr. KINGSTON. That is one of our concerns, to make sure that the money does actually go to rural areas and not areas that have figured out a way to get qualified.

Secretary VILSACK. That is a legitimate concern.

Mr. STEELE. Mr. Kingston, in the stimulus bill it says, at least 75 percent of the area to be served by the product shall be in a rural area.

Secretary VILSACK. And it defines it as less than 20,000 in population, less than 50,000 in metro area.

Mr. KINGSTON. Do you think your modifications are going to stray from that definition?

Secretary VILSACK. Well, I think the definition of "rural" that we are working on actually applies to a broader range of programs than just the broadband. So I don't want to commit myself to a specific definition, but I will tell you that we understand and appreciate what you want us to do, which is, you want us to use those resources for broadband in rural areas, and you want unserved areas to receive preference, if you will; as opposed to areas where they currently have the service, and we would just be adding to competition.

That is my understanding of what Congress wanted us to do. Now, if that is not correct, you all need to correct me so I can do what you want.

Mr. KINGSTON. I actually wasn't in the room, so I don't know one way or the other. That is another issue.

I have some issues on the Animal Medical Drug Use and Clarification Act, which we passed, and I want to submit those to you for the record and get your comments on them. And I yield back.

Ms. DELAURO. Mr. Farr.

Mr. FARR. Thank you, Madam Chair.

Mr. Secretary, I am very excited you are here. This has been a long day with this committee, but I think the excitement is that you have the ability in this position to take a department, which is one of the oldest departments in the Federal Government, and probably deals with more different areas all the way from commodity exchanges to school lunch programs and international trade and so on, and really use your skills as a governor and administrator to, hopefully, modernize this Department.

LOCAL SPECIALTY CROPS

And one of the things that strikes me—and Marcy brought it out in her book—is that if we want to grow the markets that you know are necessary—and I represent a lot of specialty crops—the markets out there are right in our own backyard. One is the farmer's market you mentioned. You can grow that by requiring that States issue their SNAP cards, their WIC cards and the other vouchers that are given out at those farmer markets.

We do that now in Santa Cruz County where the social services department who manages these things goes and distributes them there. And I will tell you, 65 percent of the income made at that farmer's market comes from those vouchers; and, you know, they are buying fresh fruits and vegetables and they are buying local stuff.

The other problem is that we don't—the schools that we distribute food to can't go out and buy food locally. They have to go through this system that Marcy was talking about. And that list that I gave her that she quoted from—and this is the list of the Department last year—one of the problems, we talk about obesity and everybody is talking about it, and we need to do something about it.

I think you need to shake up your Department. You ought to ask them, without any other, How can we shift money to have a goal to have a salad bar in every school? And you are going to find out all the reasons why we can't do it, but we last year spent $90 million on mozzarella cheese, $9 million on peanut butter——

No offense to Mr. Bishop.

Ms. DELAURO. Mozzarella cheese, I might take offense.

Mr. FARR [continuing] And we only spent $51,000 on fresh tomatoes.

So our priorities are all in these old commodity programs and the processed foods and all of that, and we have to change that by radically looking at what we have talked about earlier of consolidating all these programs and streamlining them so that you have additional revenue to get the fresh fruits and vegetables in the schools.

And I hope that you will stick to that. I know that you have done it.

That is just a statement because, Mr. Kingston—is he still here? It is too bad, because Mr. Kingston was talking about earmarks; and I would be glad—I want you to look at—I represent Monterey and Santa Cruz and San Bernardino Counties. We grow 85 crops in Monterey County—it is the number one ag county; it doesn't have any subsidies of water or anything like that, no commodity crops—85 crops that produce $3 billion in sales for one small ag county, and that is the highest in the United States.

AGRICULTURE RESEARCH STATION

We can't get that research station, an Ag research station built there because we are spending the limited money the ARS has on capital outlay, including the $13 million earmark that Mr. Kingston asked for for last year to get the poultry research facility in Athens, Georgia. That's a $270 million project, and it's sucking all the money away from all other projects in the country, including getting in Salinas, probably the oldest—and I am all for earmarking that.

But because you've got issues like, you know, cutting-edge issues—this is the E. coli breakout, this is the salmonella breakout, listeria, this is all the specialty crops, the ones that you don't have a kill-step for in order to make sure that they're healthy. And we are doing incredible things out there, but we really need to invest in that research station.

So I am for earmarks; and Mr. Kingston says he's not, but he certainly has gotten a lot of the money that I would like to get to Salinas.

So those are some observations. And it really is because we count on you to look at all these programs and figure out how to make the Department be responsive to the demands of modern society, and some of these programs are very old and don't meet the test of common sense anymore.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Secretary VILSACK. Just one comment. We are working with a number of groups to try to figure out innovative and creative ways to get people signed up with SNAP. One way, which has been working in southern California, in particular, has farmers markets issuing coupons to encourage people to come to the farmers market. They get a couple extra dollars off a purchase. And while they're getting their coupon and standing in line, in some cases, for hours, to get a $5 coupon, there is someone next to a table which basically

says, would you like to learn about SNAP? Would you like to learn if you qualify? Are you currently receiving assistance?

So we've seen a rather significant increase in the number of people signed up from that kind of strategy. So we're trying to figure out ways to expand those kinds of opportunities.

When 67 percent of Americans who qualify are using the program, that means that 33 percent aren't, and we have a job still to do to make sure that we address it. And this is one of the strategies for reducing childhood obesity. We have to get nutritious food in them and in the hands of moms and dads for their children.

Mr. FARR. When the parent qualifies for SNAP, do the children also qualify for the school lunch program? I think they do automatically, but it would be on a different take.

Secretary VILSACK. Well, your point is well taken of the need to streamline and consolidate those programs in the eligibility requirements and the processing of it. But that requires modern technology, and we need your help.

Ms. DELAURO. I have to deal with Mr. Kingston, who is not here. But Congressman Kingston, as I am told here, did not say he was against earmarks. He said he was against executive branch picking a congressional earmark which it asked for it on its own. So in fairness to the absent ranking member, let me place that on the record.

Mr. Bishop.

Mr. BISHOP. Thank you very much.

INFORMATION TECHNOLOGY

Along with the technology request, over the past 3 years our subcommittee has provided significant funds and resources to address the Department's technology challenge. My question is, when can we expect a return on that investment to get improved service delivery and efficiency? That's the first question.

MEXICAN TRUCKING PILOT PROGRAM

The second has to do with—on a different subject—Mexican trucks. Since the Mexican Government has proposed a retaliatory tax on U.S. agriculture going into Mexico as a result of the ending of the Mexican trucking pilot program, tell me what the status of the discussions are with the Mexican Government in that regard.

Those two questions. You have been helping with the technological challenges there.

Secretary VILSACK. I was trying to figure out precisely how to respond to your question in terms of time.

We are expecting that there will be a prototype—it was a 3-year program, a 3-year plan to develop a prototype that in turn could be tested and then determine whether or not it actually provided the kind of service that we need it to provide. That is in the works, and we should be seeing that prototype relatively shortly.

Mr. BISHOP. That includes interoperability—or communication, rather, between the agencies.

Secretary VILSACK. Right. And that also sort of dovetails with the whole broadband initiative, which it doesn't do much good if the farmer service office has got the technology but the farmer can't

utilize it because he doesn't have access to the Internet or high-speed Internet. So we are working on both ends of that problem.

I have not had an opportunity to speak specifically to the Trade Representative or to the Secretary of State about discussions relative to the Mexican trucks. My conversations with Mexican officials have been primarily focused on COOL and the implementation of COOL, which I am happy to visit with you about if you want. We have offered assistance to DOT and Secretary LaHood. We will have to get back to you in terms of what they can tell us, the discussions that have taken place.

[The information follows:]

The President has assigned the Department of Transportation to work with the U.S. Trade Representative and the Department of State, along with leaders in Congress and Mexican officials, to develop proposed legislation creating a new trucking project that will meet the legitimate concerns of Congress and our NAFTA commitments. That process is ongoing. The Department of Agriculture will work with the Transportation Department and other agencies in the preparation of the proposal.

Mr. BISHOP. Thank you.

Ms. DELAURO. Mr. Davis.

Mr. DAVIS. I want to follow up on a couple of comments that have been made.

ANIMAL IDENTIFICATION

Country of origin labeling. The area I am from, we have some support from that. Animal ID becomes a more difficult task for some of us in some of the rural areas to absorb and swallow. I wasn't certain your position on that. Are you taking the position that animal ID will be a part of this new administration's efforts?

Secretary VILSACK. I believe it has to be, and here's why. One cow caused a rather significant problem with the market not so long ago. And I am concerned, from a homeland security standpoint, of what could potentially take place if we don't have a system that would allow us to identify and mitigate consequences of terrorism activity or of a disease or some problem with livestock.

Having said that, I understand and appreciate that there are some areas of the country where this is problematic, which is why I have suggested to the Chair that I want the opportunity to sit down with folks and work through—and I appreciate that you all have been talking about this for 5 years, but I think the circumstances are a little different now. And I think there has been clear indication from the Chair and from the Chair of the Ag Committee that there is a real interest in this, and that may change attitudes about this.

I want to work with the industry to make this work. Because what I don't want is for a law to pass, for us to have on the books a mandatory system, and then have everyone spend a tremendous amount of time and effort to try to figure out how to get around it because they have concerns about how the information is going to be used or where it's going to be used. I think we can address those problems.

Mr. DAVIS. As a side comment, we've had a whole lot more difficulty with peanuts, a whole lot more difficulty with fruits and vegetables tainting our fruit supply than we have necessarily from animals.

Secretary VILSACK. I don't disagree that that's the past. I am also concerned about the possibility of the future.

When I was Governor, I remember coming to Secretary Ridge and asking him to set up an agri-terrorism aspect of Homeland Security because I believed that that was one way that you could create real serious problems for this country is if the food supply was compromised. So I am interested in making sure that we protect it as best we can, and I think everybody shares that goal.

Mr. DAVIS. And the second comment was, I really hope that we work together.

INFORMATION TECHNOLOGY EFFORTS

Ms. DELAURO. Let me just say, Mr. Bishop mentioned the IT effort. You should know, Mr. Secretary, that you have both sides of the aisle on this committee that is enormously supportive of just the whole reformation of information technology. We have been appalled at how far back we are at the Federal level, not only here at USDA but in other areas as well, with information technology and how agencies communicate with one another. So that you have real support in this committee to move forward with that effort and to let us know what is going on.

I will just say, we have been in the dark about what happens, how it happens, what the contracts are. We have spent money here where we find out after it's implemented that one agency still can't talk to another agency after spending millions of dollars to do something. So you have real support here in trying to make your systems work. Because they work for farmers, they work for ranchers, they work for school systems, they work everywhere in which we have jurisdiction here. So you just need to know that.

Secretary VILSACK. I am remiss in not thanking you for the work that you have done, and it is appreciated.

Ms. DELAURO. That was a vote. And I would love to say that people are going to come back—and you would probably kill us if we did that, but, in any case——

Secretary VILSACK. I am happy to stay here.

Ms. DELAURO. I know that. Thank you very much.

SUPPLEMENTAL REVENUE ASSISTANCE PROGRAM

I want to ask a question about the Agriculture Disaster payments and any delays in those payments or potential delays.

With the Permanent Disaster program in the farm bill, the Supplemental Revenue Assistance Program, in your testimony you said you are currently reassessing the regulatory and software development efforts in light of the changes enacted by the Economic Recovery program. Let me tick off the questions: What did you mean by the statement? What regulatory and software changes are necessary after the enactment of ARRA? Will the changes delay the delivery of the first SURE payments, and will they delay your promulgation of regulations?

You went on to say, we are on track to issue regulations by November, 2009, well ahead of the date when the data will be available to calculate payments.

I was a little confused by the statement. My understanding was that USDA had hoped to issue the first SURE payments for the

2008 crop year sometime this fall. It appears that that has slipped, and you may not deal with those payments until this winter, at the earliest. When will USDA issue the first SURE payments? Let me ask you to comment.

Secretary VILSACK. The statutory price discovery mechanism and the interrelationship with other USDA programs make it difficult for us to calculate the SURE payment for crop year 2008, so we don't expect the rules to be available until September of 2009. The information I have is that we won't expect payments until sometime in 2010.

Ms. DELAURO. So you won't be making any of those payments until 2010. Wow. I mean, I think there are going to be—I think that that's real news to folks, Mr. Secretary.

Secretary VILSACK. Well, in the Recovery Act you created multiple benefit options for producers, which makes it significantly more complicated to calculate. And it's a software issue.

Ms. DELAURO. Well, I also understand the administration supported the language, the efforts in the economic recovery package.

Secretary VILSACK. Well, I can do this, Madam Chair. I can go back and see if there is any way in which this process can be accelerated. We understand and appreciate how significant this is, but we are somewhat hampered by the software development. I will have to find out if there is any way we can find out——

Ms. DELAURO. Well, we should really keep in close touch on this issue. Because a lot of members of the committee are very interested, and there are a lot of Members who are interested in what's going to happen here, and we want to make sure that we are moving as quickly as we can.

Secretary VILSACK. We will follow up.

[The information follows:]

The American Recovery and Reinvestment Act (ARRA) of 2009 (P.L. 111–5) made several changes to the permanent disaster programs, primarily the Supplemental Revenue Assistance (SURE) Program. It provides a waiver for the 2008 crop year for producers who did not purchase crop insurance or non-insured crop disaster assistance and failed to timely pay waiver fees authorized in the 2008 Farm Bill. It increases the minimum coverage level for SURE guarantees for producers who buy-in under this extended waiver authority. It allows previously eligible SURE producers to elect to receive benefits under multiple payment options. It establishes a new risk management purchase requirement for producers who elect to pay the waiver fee authorized in the ARRA. FSA will need to make extensive regulatory and software modification to implement these new requirements.

The changes are not expected to delay the delivery of the first SURE payments; however, they will delay our promulgation of regulations. Prior to the enactment of the ARRA, we now anticipate publication to be in November 2009. Sign-up for SURE is expected to begin in January 2010 and payments are expected to begin in June 2010. We are examining options to expedite the payment process; however, due to the complexity of the SURE program, its statutory price discovery mechanisms, and inter-relationship with other USDA programs that may not be possible.

Ms. DELAURO. I don't know if there are any more questions or comments.

FARM SUBSIDY PAYMENTS TO POLLUTERS

I am going to submit for the record, just so that you know, I have questions about farm subsidy payments to those who are polluting. There is a raft of evidence that's out there that talks about subsidy payments to polluters and people who are paying enormous

amounts in fines; and, at the same time, we are providing them with subsidy payments for their land.

You also had a former administration person who talked about these two things ought to be separate. If you pollute the land, that shouldn't preclude you from being able to get a subsidy. But it seems to me that if you violate State and Federal environmental quality laws, you cost the taxpayers twice in that instance. But we will submit that for the record.

I had questions about what at least seems to me to be mismanagement at USDA on NRCS and programs with regard to NRCS.

But, again, you have been very, very generous with your time.

Secretary VILSACK. Madam Chair, to that point, there is an audit of NRCS; and we are spending resources and time to try to address all deficiencies.

Ms. DELAURO. There are serious problems at the agency, there really are. And I, again, want to solicit your views, the steps that we're taking, all of that to move forward, but it requires more time to flesh out.

I also have questions about FAS and some of the issues that are attendant to that. But, as I say, I will submit the rest of my questions for the record and ask my colleagues to do the same.

CLOSING REMARKS

Thank you for your generosity of time.

I will just say, there are a lot of questions. You've been on the job a short period of time. We are very, very aware of this. But I think it's important to lay out what some of the questions are.

One of the other questions, by the way, I am going to ask for the record is the names of the countries on press releases about recalls of imported products.

Secretary VILSACK. And we will do that.

Ms. DELAURO. Okay. Thank you very, very much.

But you've been there a short period of time. But laying out questions for so long on both sides of the aisle here, we have been stonewalled from the agency on lots of questions that led to this committee, again, both sides of the aisle, just saying, you know, hey, you're not going to answer our questions, you're not going to provide us with the information? We're an Appropriations Committee. Let me tell you what we're going to do.

We look at this as a new day, new dawn, new environment. Tough questions from both sides but with an interest that are your interests in order to address the issues in the everyday lives of folks which this subcommittee and your department have an enormous sway over what happens.

So we look forward to working with you, and thank you again for the generosity of your time this morning and your candor and clarity on answers. Thank you very much.

Secretary VILSACK. Thank you.

UNITED STATES DEPARTMENT OF AGRICULTURE
SECRETARY OF AGRICULTURE
QUESTIONS FOR THE RECORD
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING
MARCH 31, 2009

QUESTIONS SUBMITTED BY MS. DELAURO

NRCS FINANCIAL MANAGEMENT

Ms. DeLauro: The Natural Resources Conservation Service's (NRCS) November 2008 audit presented a "disclaimer of opinion" on the agency's consolidated financial statements for fiscal year 2008. What are the key contributing factors that led to NRCS's current financial management turmoil?

Response: The Natural Resources Conservation Service accepts the findings of the audit and is committed to resolving the problems. The Agency recognizes that it has been operating a 21st century organization with a 20th century model. The Agency's operational structure, design, and tools have not kept pace with changes to the programs. Additionally, NRCS has found that a significant number of policies and procedures were incomplete, unclear, obsolete, or simply non-existent. It is important to note that the audit found no indication of fraud and abuse.

In particular, the auditors found that NRCS needed improved accounting and controls over unliquidated obligations, unfilled customer orders, accrued expenses, financial reporting, and property, plant, and equipment. The Agency also needs to improve the general controls related to International Technology Services (ITS). The auditors found inadequate controls over purchase and fleet card transactions. The Agency must ensure all obligations are consistent with appropriations law, and the financial management systems and accounting standards are in compliance with the Federal Financial Management Improvement Act of 1996.

Ms. DeLauro: What commitment can USDA provide that the Department will resolve the financial management issues this year, and that NRCS will not see a second disclaimer of opinion for its 2009 audit?

Response: At this time, the Department cannot assure the Committee that NRCS will not receive a second disclaimer. It is not uncommon for an agency to take two or three years to establish the necessary baselines to allow the auditors to render an opinion. NRCS is fully committed to continuous improvement of their financial records with the goal of receiving a clean audit opinion in fiscal year 2011. To achieve that end, the Agency has taken the following steps:

- A complete review of the validity of over 160,000 open obligations has been completed. A strategy has been devised and initiated to address all errors found during that review. NRCS is evaluating consulting firms to assist in this effort. Accurate financial data from this review will be essential to move beyond the disclaimer of opinion status.

- The Agency has initiated a review of 100 percent of policies and procedures. Priorities have been established to ensure the most critical needs are addressed first. NRCS plans to complete the

revision or creation of all high priority policies and procedures by the end of this fiscal year. The Agency is evaluating consulting firms to assist in this effort.

- NRCS will develop or upgrade operational tools to improve efficiency, promote adherence to agency policies and procedures, and ensure internal controls. A 'streamlining team' was established last autumn to review business processes for automation or improvement. NRCS has committed resources to accelerate tool development. The audit found concerns with consistent management of conservation easements by the Agency. A tool is under development at this time that will automate many of the financial management activities, thereby improving the quality and consistency of the financial data.

NRCS recognizes it has been operating with an outdated business model. In order to align with current realities, the agency is planning to contract with an external entity for a review of operational structure, workforce, and staffing. Given the extraordinary pressures the Agency has experienced related to the profound increase in financial assistance to farmers, an independent external review is necessary. Additionally, NRCS has worked closely with OMB to establish Cost of Program models that effectively estimate technical assistance needs. Providing OMB with documented TA needs will facilitate apportionment of appropriate funds.

CONSERVATION COMPLIANCE

Ms. DeLauro: In FYs 2007 and 2008, how many cases did the Natural Resources Conservation Service refer to the Farm Service Agency where farmers had been found to be in violation of the conservation compliance provisions of the 1985 Food Security Act? What was the potential total dollar value of program benefits that could have been withheld from producers?

Response: According to the Highly Erodible Land/Wetland Conservation Violation Reports prepared by FSA, NRCS referred 231 cases in 2007, and 79 cases in 2008. Estimated program benefits withheld could have been $4,791,842 in 2007, and $1,127,689 in 2008.

Ms. DeLauro: How many of these 2007 and 2008 referred cases did FSA overturn? What was the total dollar value of program benefits that were reinstated because of the waivers for each year?

Response: FSA does not overturn violations but may grant a good faith exemption under the 1985 Act. A good faith exemption allows a producer to have payment eligibility reinstated with conditions. FSA does not capture the number of such cases but does capture dollar amounts.

Program benefits reinstated due to good faith exemptions totaled $6,604,173 in FY 2007 and $920,358 in FY 2008.

Ms. DeLauro: When a waiver is provided, how does FSA ensure that farmers address the violations? Please be specific as to the follow-up actions that FSA undertakes to ensure that producers come into compliance with the conservation requirements.

Response: All producers receiving a good faith determination are required to sign a conservation plan agreeing to implement the plan within a

time period no longer than 1 year. NRCS monitors compliance. If NRCS determines that the producer did not perform the actions required within the allowed timeframe, the eligibility for payment under the good faith exemption is rescinded and applicable payments must be refunded.

Ms. DeLauro: What oversight does FSA headquarters provide to ensure that all states are administering the conservation compliance laws appropriately?

Response: FSA maintains a handbook, 6-CP, *Highly Erodible Land Conservation and Wetland Conservation Provisions*, which includes administrative procedures to implement the conservation compliance provisions in a consistent and appropriate manner. FSA headquarters issues the handbook to all FSA field offices and supplements it with Notices as needed throughout the year. District Directors conduct direct oversight of the program administration in their districts. Audits are conducted through FSA's County Office Review system.

FOREIGN AGRICULTURAL SERVICE 2010 BUDGET

Ms. DeLauro: You noted in your testimony that the Foreign Agricultural Service (FAS) "has faced a serious budget shortfall that raised questions about its continued ability to carry out its activities both here and overseas." You also noted that you have taken FAS' budgetary situation into account in developing your 2010 budget proposal. Please explain that statement.

Response: FAS faced a serious funding shortfall in FY 2009 because of a number of factors, including higher expenses associated with operation of its overseas posts and some funding requirements that emerged after the 2009 budget had been submitted to Congress and were not reflected in the budget proposals. Because of this situation, FAS has had to take a number of steps to reduce spending and thereby avoid the need for a possible furlough.

Based on a review of the factors that contributed to the FY 2009 situation, the FY 2010 budget has been developed to address those factors and ensure that a sufficient level of funding is requested so the agency will not face another serious funding shortfall in FY 2010. We are hopeful Congress will approve the request for FAS funding.

Ms. DeLauro: Was FAS' 2009 budget crisis a one-time event, or is it indicative of more fundamental problems at the agency?

Response: We believe the FY 2009 funding situation was a one-time event, and we have endeavored to develop FY 2010 budget proposals that will address the problem. Nevertheless, we will continue to review the FAS budget situation and make certain there are no fundamental problems that must be addressed.

Ms. DeLauro: Are you undertaking a wholesale review of FAS' programs and budget needs? Is so, please provide the findings of this review to the committee. If not, why?

Response: Yes, a comprehensive review of the Foreign Agricultural Service's programs and budgetary needs is planned and will be led by the FAS Administrator. Results of this review will be shared with the committee.

FOREIGN AGRICULTURAL SERVICE EFFECTIVENESS

Ms. DeLauro: You highlight in your testimony that FAS does a "tremendous job." Please elaborate with specific examples and evidence of FAS performing effectively in program areas other than food aid.

Response: The work carried out by FAS leads to increased exports and market access for U.S. agricultural products. A 2007 cost-benefit analysis conducted by the respected research firm of Global Insight found that for the period 2002 to 2007, FAS market development programs, working cooperatively with non-profit producer organizations and state and regional trade groups increased U.S. agricultural exports by $3.8 billion.

FAS has also successfully created, maintained, or increased access to export markets by preventing and resolving sanitary, phytosanitary, and technical barriers to trade which resulted in increased exports of a variety of U.S. agricultural products. Some examples of recent successes include ending costly biotechnology testing in Japan, the acceptance of international standards on wood packaging material by the European Union, prevention of a ban on combo bins of fresh and chilled meat and poultry by Mexico, and the release of $80 million of soybeans held in China.

FAS efforts have also led to stronger enforcement and monitoring of existing trade agreements. Recently, FAS' involvement directly led to the successful resolution of trade agreement issues with poultry in El Salvador, pork and poultry in the Philippines, and beef in Chile.

We will provide more detailed information on FAS accomplishments for the record.

[The information follows:]

Selected Examples of Recent FAS Accomplishments

Monitoring and Enforcement of Trade Agreements

FAS devotes considerable resources, both Washington-based and in the field, to the critically important task of monitoring and enforcing various trade agreements. Some notable examples of recent successes in this area include the following:

- Restrictive and unscientific technical requirements by the Government of El Salvador were effectively preventing the activation of a tariff-rate quota (TRQ) for U.S. chicken leg quarters in 2008, as provided for under the U.S.-Central American-Dominican Republic Free Trade Agreement (CAFTA-DR). FAS coordinated and led interagency efforts to engage the Government of El Salvador on this issue, leading to its successful resolution in early 2008. This outcome cleared the way for continued, and expanding, U.S. sales of leg quarters under the TRQ arrangement, leading to eventual quota-free, duty-free access, per the CAFTA-DR schedule of commitments. Perhaps as importantly, it also sent a clear message to El Salvador and its Central American neighbors regarding the commitment on the part of the United States to assert its rights under the agreement and to press for technical requirements that are science-based.

- On February 24, 2009, Secretary Vilsack received a letter from his counterpart in the Philippines providing assurance that the Philippines would honor its commitment to continue implementation of existing TRQ administration for pork and poultry products. This step confirmed the resolution of an issue that FAS had been working, in concert with the Office of the U.S. Trade Representative (USTR), over the preceding year and a half. Over that period, the Philippines had been attempting to unilaterally change the administration of the poultry and pork TRQs, thereby breaking a 1998 bilateral Memorandum of Understanding and threatening to disrupt U.S. exports. Representatives from FAS/Washington, along with representatives from the Office of Agricultural Affairs in Manila, and USTR, developed a comprehensive strategy for addressing the issue, which included high-level meetings and correspondence, demarches, and World Trade Organization committee meetings. The successful outcome on this issue preserved U.S. access to a market that in 2008 amounted to over $45 million in pork exports and almost $20 million in poultry exports.

- In September 2008, Chile suspended imports of U.S. beef and beef products, citing U.S. failure to comply with a labeling provision in the U.S.-Chile Free Trade Agreement. FAS, working with the Agricultural Marketing Service and USTR, developed a proposal to address Chile's concern. The proposal was initially rejected; however, FAS officials were able to negotiate an agreement with the Chileans during a Free Trade Commission (FTC) meeting held in December 2008. U.S. beef is now entering the growing Chilean market. Sales of beef had reached over $1 million, prior to the closing of the market in September 2008, double that of the same period in 2007.

- Following implementation of the CAFTA-DR agreement with the Dominican Republic (DR) in March 2007, a number of problems were identified relative to the DR's administration of its tariff-rate quota obligations. FAS played a lead role in identifying the specific

problem areas and subsequently engaging the DR government in addressing them. This included sponsoring and coordinating a training program for DR officials in the fall of 2007 on the general topic of TRQ administration. Although there were some incremental improvements with respect to the administration of the 2008 TRQs, significant problems remained. FAS subsequently took the lead in coordinating an interagency visit to the DR in October of 2008 to engage senior DR officials and industry representatives on the various issues to lay the groundwork for improvements in the DR's administration of the 2009 quotas. Following that visit, DR President Fernandez issued a modified TRQ administration regulation on November 28, 2008, designed largely to address the identified problem areas. While the DR's year-to-date 2009 TRQ performance has shown a marked improvement over the previous year, some isolated, but important, problem areas remain and FAS is actively engaging on these to bring about a timely resolution.

Prevention and Resolution of Sanitary, Phytosanitary, and Technical Barriers to Trade

Unnecessarily restrictive and scientifically unjustified regulations to protect human and animal health (sanitary) and plant health (phytosanitary) are major impediments to U.S. market access and the expansion of global agricultural trade, as are technical barriers to trade (TBTs). FAS staff in Washington, D.C. and abroad, covering over 130 countries, routinely identify, analyze and address foreign SPS and technical regulations. They prevent, as well as resolve, short- and long-term market access issues relating to these measures. The following examples from the past few months illustrate the scope and impact of FAS efforts.

- In March 2005, the European Union (EU) was scheduled to implement regulations for wood packaging material (WPM) that diverged from ISPM-15 (the international standard), and threatened approximately 50 percent of the $274 billion in annual U.S. exports to the EU that are shipped with WPM. Intervention by FAS and the Animal and Plant Health Inspection Service (APHIS) helped delay implementation until January 2009, to allow for revision of ISPM-15 to facilitate trade. In addition, in the fall of 2008, FAS and APHIS successfully pressed the EU to harmonize its standards with the revised ISPM-15 and further delay implementation until July 2009. The revised ISPM-15 was passed and enacted by the International Plant Protection Convention in April 2009.

- FAS, working with other U.S. Government agencies (especially the Grain Inspection, Packers and Stockyards Administration), and U.S. industry stakeholders, played a key role in discussions with Japan that resulted in the elimination of testing requirements for StarLink biotech corn in U.S. feed corn shipments, and reduced testing requirements for three other U.S. feed corn varieties. It is estimated that the U.S. grain trade has saved $36 million since the elimination of the testing requirement in December 2008. Japan prohibits the import of biotech-derived products that have not undergone a food safety, feed, and environmental review. Consequently, three U.S. feed corn varieties, as well as other crops, have been subject to costly testing or segregation for import into Japan. Japan annually imports 16 million metric tons of corn and 4.2 million metric tons of soybeans, valued at nearly $4 billion.

- On December 23, 2008, Mexico notified FAS of its intention to ban shipments of imported meat combo bins (large boxes capable of holding up to one ton of product) because of concerns about their ability to inspect the bins for contraband. Over $664 million of U.S. pork, beef and turkey are annually exported to Mexico in combos. While FAS Washington assessed the impact of the ban on the U.S. meat and poultry industries, FAS Mexico City negotiated with Mexico to limit the scope of the regulation to frozen combos. This agreement, reached in January 2009, significantly reduced the impact on U.S. exporters as few U.S. combos arriving in Mexico are frozen. In March 2009, representatives from FAS, the Food Safety and Inspection Service (FSIS), the Canadian Food Inspection Service, and the Mexican government visited the Detroit-Toronto area to view combo inspections. The visit reassured Mexico by providing a firsthand look at how NAFTA partners carry out inspections on the U.S.-Canada border.

- In May 2007, Mexico ceased updating its list of U.S. establishments eligible to export meat and meat products to Mexico. By the fall of 2008, over one hundred thirty U.S. establishments in twenty-nine states were ineligible to ship to Mexico, including new establishments, and those that had undergone administrative changes as minor as an address change. Only after continued pressure by FAS and FSIS did Mexico finally, in November 2008, begin relisting plants. As a result of FAS and FSIS' extended efforts, all affected plants had regained eligibility to ship to Mexico by early December 2008.

- In November 2008, FAS and APHIS opened the market to U.S. bovine embryo exports by successfully negotiating a veterinary health certificate with the Romanian Veterinary Authority on behalf of Visalia, California's World Wide Sires. World Wide Sires, the company that initially raised the issue, began shipping in December. They now have contracts for 90 embryos, and estimate first year sales of $100,000.

- From December 2008 through mid-January 2009, China detained four shiploads of U.S. soybeans valued at approximately $80,000,000, over purported quality and potential human health issues (the presence of red beans, a chemically treated planting seed). FAS intervened with the Chinese Ministry of Agriculture and General Administration for Quality Supervision, Inspection and Quarantine in Beijing, as well as the Chinese Embassy in Washington, D.C., securing the release of all four shipments in January 2009.

Food Security

USDA devotes significant resources to support U.S. Government efforts in enhancing global food security through food aid donations, agriculture research and extension activities, and its support for the McGovern-Dole International Food for Education Program. FAS coordinates and supports USDA participation in leading international organizations and other bodies that have a role in food security.

- In April 2009, FAS provided critical logistical and programmatic support for the first-ever gathering of the Group-of-Eight (G8) Agriculture Ministerial, held in Italy. Secretary Vilsack led the U.S. delegation. The G8 Ministerial produced a strong declaration of support for the critically important task of promoting food security.

The Ministerial was an important step toward building a consensus around issues affecting access, availability, and utilization of food among vulnerable populations.

MCGOVERN-DOLE INTERNATIONAL FOOD AID PROGRAM

Ms. DeLauro: I want to emphasize my support for USDA's McGovern-Dole Food for Education Program and commend the Department for delivering an effective food aid program. How will USDA ensure that the McGovern-Dole Program continues to deliver effective humanitarian assistance and improve its performance?

Response: FAS is taking several steps to ensure the McGovern-Dole International Food for Education and Child Nutrition Program maintains its current high level of effective humanitarian assistance to children and women in developing countries. First, USDA is working with its implementing partners to create indicators to measure outcomes in a consistent manner across all projects. This will help guarantee that all projects are performing as anticipated and are meeting overall program strategic goals.

Second, USDA recently published new regulations governing its food aid programs that make available the opportunity to conduct midterm and final evaluations of McGovern-Dole programs. This will not only provide USDA with an extra tool to ensure all projects are meeting agreed upon goals, but also serves as an opportunity to gain lessons learned which can be applied to improve future projects.

Third, FAS would like to highlight that it is increasing its efforts to gain greater collaboration with host foreign governments in order to ensure greater achievements toward program graduation and sustainability.

INTERNATIONAL FOOD AID

Ms. DeLauro: The 2010 budget proposes to place the U.S. Government on a "path to double foreign assistance to $50 billion." What is the Administration's long-term budgetary vision for food aid? Is it your intent to double the amount of funding for food aid?

Response: The Administration will continue to assess food aid needs throughout the world and play a leadership role in addressing emergency needs. The Administration is committed to increasing the level of U.S. foreign assistance, but that doesn't necessary mean that funding for each and every foreign assistance account will be automatically increased by the same percentage. Rather, allocations of program funding will be determined by a range of factors, such as demand for the type of assistance provided, effectiveness and efficiency of the program and operational constraints.

LOCAL AND REGIONAL FOOD AID PURCHASE PILOT PROGRAM

Ms. DeLauro: The 2008 Farm Bill included a new $60 million local and regional food purchase pilot program within the P.L. 480 Title II program. What is the status of this new food aid pilot program?

Response: As a first step in the implementation of the pilot program, the Foreign Agricultural Service completed a required study on the experience that the World Food Program and private voluntary organizations have had with local and regional procurement of food aid commodities. A report on the study's findings was transmitted to Congress in January.

FAS is now using the study as background in developing guidelines for the pilot program. The general public will have the opportunity to comment when the draft guidelines are made available for public comment this summer.

Purchase activities under the pilot will commence once the guidelines have been finalized.

It is important to note that the pilot project is being carried out with CCC funding and is a separate activity from the P.L. 480 Title II program. Nevertheless, FAS is consulting with the Agency for International Development in the development of the pilot program.

QUESTIONS SUBMITTED FOR THE RECORD BY MR. KINGSTON

CONTRACTS

Mr. Kingston: Your testimony and public reports indicate that you have done thorough review of all the contracts in USDA and have eliminated them and put the funds to other uses. What criteria did you use to decide that an existing contract or grant should be eliminated? Besides the widely reported grant on bio-energy being administered by Stan Johnson, what are some of the others? Provide us with the complete list so we may determine if we agree or if ones specified by the congress were eliminated or reduced. You state that the savings were applied elsewhere. Specifically where did the funds go, i.e., to what project were they reassigned?

Response: I have directed subcabinet officials to review their agency's financial activities for wasteful and inefficient spending, and report on "savings" each week. My Office collects these reports on reform based actions and they are submitted to the White House as part of a weekly report on USDA activities. These reform based actions have included eliminating unnecessary travel and conferences and increasing administrative efficiencies. Some examples of reform based actions reported by agencies which have resulted in "savings" through more efficient procedures and cost avoidance include the following:

- In the 2010 Budget, the Administration proposes a $27 million increase in the Department of Agriculture's (USDA's) Buildings and Facilities program account in 2010 for the Department to consolidate seven leased facilities located throughout the DC metropolitan area into one location. The Department expects to avoid $62 million of lease costs over the 15 year life of the consolidated lease.

- The 2010 budget implements a Department of Agriculture (USDA) and Internal Revenue Service (IRS) agreement to ensure that farmers are meeting the income eligibility tests by verifying that only eligible individuals are receiving farm commodity payments. Under the new agreement, those seeking assistance will have to sign a document giving the IRS permission to verify their eligibility. Just like any program with income eligibility tests, the Federal Government has a responsibility to verify that only eligible individuals are receiving benefits. The joint USDA-IRS effort is a step toward better and more targeted verification activities that will reduce erroneous payments.

- The Marketing and Regulatory Programs mission area reported savings from a reallocation of funding within APHIS' brucellosis management program. Based on program evaluations and surveillance, the agency eliminated Federal funds supporting the testing of cattle for brucellosis when they change ownership in the market place in low-risk states, saving $1.5 million. This funding will be shifted to other parts of the brucellosis program. These savings illustrate the value of providing agencies with the flexibility to implement innovative administrative and program approaches to improve programs and save resources.

- The Department of Agriculture's (USDA's) Chief Financial Officer is working with US Bank to create a Web-based utility billing system. This will save the USDA's Working Capital Fund $670,500 a year.

- In 2008, Rural Development (RD) spent $62,700 to create Webinar, a Web-conferencing tool that allows employees to be trained online, though video links, rather than in person at national training sessions. RD could potentially achieve efficiencies of $1.3 million in annual efficiencies by using this system to train more employees, thereby saving per diem, travel, and material costs.

SINGLE FOOD SAFETY AGENCY

Mr. Kingston: The Chairwoman has proposed legislation to consolidate all food safety into a single agency. Assume for a moment that it would not be an agency in USDA or FDA. Has the Administration have concerns with this approach, and if so what are they? Is the President's Food Safety Working Group considering alternative legislation and when will you share your ideas or proposals with the Congress?

Response: Whether or not the outcome of the debate is a single agency, we do need to have a single purpose. Paramount in my mind is not what bodies carry out the inspection and set the standards, but rather, that the food safety system needs to operate in a uniform and consistent manner within each food category. The Food Safety Working Group should take a holistic approach to the food safety system, and ask important questions such as: what level of inspection is appropriate for each food category? The Working Group is just beginning its deliberations, but I can assure you that it will operate in as open and transparent a manner as possible.

Mr. Kingston: You reference the rather sticky issues that have arisen with the FAS IT systems. But the FSA system has been at the stage of near collapse for some time. What can we expect to see from USDA in the 2010 budget or what alternatives are you looking at to upgrade or replace these systems, which could run to the hundreds of millions of dollars?

Response: We are addressing the need for the stabilization and modernization of critical IT systems in both FAS and FSA in the 2010 budget process. We are committed to improving those systems so customers receive better and more efficient service, while also enhancing the security and reliability of those systems.

FNS/GENERAL

Mr. Kingston: The federal government funds at least 15 programs that provide food or nutrition assistance. While not all of these programs are in USDA, FNS has responsibility for administering the majority of them. To what extent do the goals, benefits, and/or target populations of federally funded nutrition assistance programs overlap?

Response: The Supplemental Nutrition Assistance Program (SNAP), the Nation's basic nutrition program, is designed to provide food resources, based on national standards, for all households with little income and few resources. The other programs are designed to meet needs that SNAP alone cannot. Some, such as the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), provide benefits designed to address special nutritional requirements for specific populations. Others, such as the Child Nutrition Programs, provide access to food in special settings such as schools and child care facilities. And some deliver basic assistance to

those who cannot make ready use of SNAP benefits, such as people living on Indian reservations with limited access to retail food stores.

Program statutes and regulations are designed so that eligible people can participate in more than one program in some circumstances. However, in situations where simultaneous program participation would be redundant - as in SNAP and the Food Distribution Program on Indian Reservations, for example - regulations limit clients to participation in just one of the two programs. National survey data shows that most participants do not enroll in every program available to them. In 2002, of those who lived in households that received at least one of four major nutrition assistance benefits (SNAP, WIC, or free or reduced price school lunch and breakfast), about 40 percent participated in only one program, and only 5 percent participated in all four.

Mr. Kingston: What steps has FNS taken to determine ways these programs can be consolidated or streamlined to reduce costs and better serve their intended populations?

Response: Because each program, as defined in statute, is designed to serve specific needs, consolidation of the major programs is unlikely to yield increased effectiveness. However, the Department recognizes that streamlining program delivery can improve customer service. State agencies that operate nutrition assistance programs have flexibility under program rules to provide "one-stop" service centers for some programs. The Food and Nutrition Service (FNS) also exercises waiver authority and promotes State use of options available under the law to align requirements with other means-tested programs to simplify program access for clients.

More broadly, the Department engages program stakeholders and the public in listening sessions in advance of reauthorization cycles to gather ideas on potential strategies to streamline programs and improve performance and service to clients. This was done most recently to support the current Child Nutrition and WIC reauthorization process; a summary of the comments the Department received is available on the FNS Web site at http://www.fns.usda.gov/cga/Sessions/default.htm.

Mr. Kingston: In what way do these programs coordinate, and can this coordination be improved to increase efficiency and/or reduce costs?

Response: Federal managers of nutrition assistance programs work closely to coordinate program policies and initiatives. Because program delivery operations are directed by the States, coordination is also critical between State agencies that are responsible for the programs. One major coordination strategy is the use of categorical eligibility, direct certification and other data matching processes to make use of eligibility and income data from one program to enroll clients in other programs. Families that receive SNAP benefits, for example, are automatically eligible for free school meals and WIC, streamlining the application process for those programs. Similarly, State agencies that manage SNAP operations can share data with local education agencies to enroll low-income children in school meals, eliminating the families' burden of submitting a separate paper application, and increasing administrative efficiency for schools, while promoting access to the program for those in need.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Mr. Kingston: There have been numerous reports in the Press recently of States opting out of determining whether new food stamp recipients are actually qualified. They are doing this by making individuals categorically eligible for food stamps if they are eligible for other forms of assistance, such as unemployment. Individuals are now receiving food stamps, even though they substantial assets and bank reserves and would never have qualified otherwise. Do you intend to take any action to reduce or eliminate the ability of individuals who have significance assets from receiving assistance and if so what steps can or do you intend to take?

Response: Current law provides that households where all members benefit from means-tested cash assistance programs are categorically eligible for the Supplemental Nutrition Assistance Program (please note that receipt of unemployment benefits does not confer categorical eligibility since eligibility for unemployment benefits is not means-tested). In addition, current law provides that those receiving means-tested non-cash benefits if the program involved is funded with over 50 percent of Temporary Assistance for Needy Families (TANF) or Maintenance of Effort (MOE) money are also categorically eligible for SNAP. The law also gives State agencies the option to expand categorical eligibility to households receiving a non-cash benefit from programs where less than 50 percent of the funding comes from TANF or MOE sources as long as the household's gross income does not exceed 200 percent of the poverty level. Households that are determined categorically eligible do not need to meet the resource test for SNAP. In other words, a categorically eligible household's resources are excluded in determining eligibility for SNAP benefits, but the household's resources may have been considered in determining eligibility for the other means-tested program. Recently, a survey of States was conducted regarding expanded categorical eligibility. A total of 17 States have expanded categorical eligibility using requirements such as sending out a brochure or automatically authorizing individuals for TANF services at the time of application for SNAP.

As the number of families receiving SNAP benefits increases, I am sure you agree that it will be increasingly important that the agency ensure that program integrity issues are addressed promptly and effectively.

Mr. Kingston: Payment errors continue to exceed $1 billion per year. What additional steps are you contemplating to reduce payment errors in the SNAP program, particularly in light of the recent increase in the number of households receiving SNAP benefits?

Response: Program integrity is of paramount importance to the Department. Over the last decade, there has been consistent improvement in the accuracy of benefits. Fiscal year (FY) 2007 was the fourth year in a row that the national payment error rate was under 6 percent, long considered the standard for recognition. The 2007 error rate is about 37 percent less than the FY 2000 error rate. The result of the combined error rate reduction from FY 2000 to FY 2007 is a decrease in erroneous benefits of nearly $1 billion ($993 million) over that seven year period. However, the Department shares the concern that as participation in SNAP continues to rise, we must remain vigilant about payment accuracy. In an ongoing effort to reduce payment errors, the Department has:

- Supported the activities of a national team of experts convened to monitor and evaluate payment accuracy progress, analyze error rate data, and exchange information on payment accuracy best practices and program improvement strategies;

- Targeted high issuance localities and high error rate States for enhanced Federal intervention and technical support, ensuring effective and consistent deployment of limited FNS resources for intervention and technical assistance;

- Exchanged best practices information through the State Exchange Program and through the publication of best practices and payment accuracy performance tools;

- Facilitated the commitment, involvement and collaboration among State partners and leadership at all levels through the utilization of a Web-based environment dedicated to the exchange of information on error reduction issues and strategies;

- Worked with States to optimize analysis based on quality control data in an effort to develop and monitor corrective action;

- Provided leadership through interactions with State policy decision makers, including participation in meetings with individual State commissioners and governors and;

- Provided financial incentives to States by awarding a total of $24 million annually to the seven best and three most improved States based on their payment accuracy performance.

Mr. Kingston: What steps are you contemplating to reduce trafficking in the SNAP program? Specifically, how is FNS targeting and providing early oversight of stores most likely to traffic?

Response: FNS conducts periodic assessments of trafficking rates. The most recent estimate analyzed the period of 2002-2005 and determined that $241 million in program benefits were trafficked annually, or one cent of each dollar. FNS is working to update the study for the period of 2006-2008. Building on this significant decline in trafficking, SNAP continues to pursue measures to improve program integrity. The SNAP fraud detection system monitors electronic transaction activity and identifies suspicious retail grocers for analysis and investigation. In FY 2008, SNAP conducted an evaluation to determine common characteristics of program violators. As a result of this study, SNAP is on target to integrate a risk based assessment into its retailer store management system by the end of FY 2009, thus allowing FNS to target program integrity resources more effectively. In FY 2009, SNAP intends to award a contract to re-design our fraud detection system using new technology and analytical means available in the private sector to continue to improve our fraud detection capabilities.

SCHOOL LUNCH

Mr. Kingston: A recent audit of the National School Lunch program revealed that $860 million of the funds spent in the 2005-2006 school year were paid improperly. That is a whopping 8.6% of the total spent during that school year. Normally this would be headlines given the great amount of money

that was made in erroneous payments. I would hope we all agree that that is an unreasonable error rate. What actions do you intend to take to reduce and eliminate the errors and what corrective action has the FNS taken with the School Food Authorities.

Response: We anticipate the upcoming reauthorization of the Child Nutrition Programs will provide an opportunity to consider promising measures for reducing erroneous payments in the program, and we are actively considering options which support this goal while preserving access to the program for low-income families. The Department has worked closely with the Office of Management and Budget (OMB), Congress, the States, schools, and advocacy partners for two decades to gain a better understanding of erroneous payments in the school meals programs, and to develop and implement initiatives to address them. The Department worked with Congress to enact program changes in the Child Nutrition and WIC Reauthorization Act of 2004 that addressed school meals certification problems. Since then, we have been fully engaged in continuing efforts to implement all the provisions designed to improve program accountability. I will have FNS follow up with specific activities they have done to address these errors.

[The information follows:]

FNS has conducted the following to improve oversight and technical assistance:

- Required annual training for schools on certification and accountability issues;
- Provided ongoing guidance and training materials to State agencies to improve monitoring of schools and their compliance with program nutrition and meal planning standards;
- Issued a revised Eligibility Manual, which contains information on determining students' eligibility for free and reduced price meals in the National School Lunch and School Breakfast Programs;
- Trained over 500 State and Federal reviewers on the Coordinated Review Effort (CRE) process and forms to ensure that performance standards related to meal counting and claiming and serving reimbursable meals are met.

Going forward, FNS expects to expand training, technical assistance, and other efforts to reduce payment errors that result from operational problems. Planned efforts include:

- Continue to work with the National Food Service Management Institute to provide Web-based training to States and schools on certification and other accountability issues. The first of three training modules was released earlier this year, and the remaining two will be completed by the end of 2009;
- Award a contract to explore various databases to identify characteristics of school districts that have a higher probability of making certification errors. High risk indicators of certification error would be developed.

Mr. Kingston: Do you believe that the Taxpayer should recoup the overpayments? If so, please tell us how much, if any, of the $860 million has been recouped? What are your plans to recoup the rest?

Response: This figure reflects findings from the Food and Nutrition Service's (FNS) Access, Participation, Eligibility, and Certification (APEC) Study, which estimated that approximately $860 million in payment errors occurred due to operational mistakes in counting and claiming reimbursable meals in the school meal programs. While we are confident that the study's national estimate is accurate, we have no means of tracking individual payment errors beyond those identified through audits and review activity from States. These are recovered through direct billing and offset of future program payments earned. There is no way to link recoveries to the study-based estimate of total error. The problem of erroneous payments is complex, and there is no simple solution. The APEC study has informed policy making and FNS has identified a number of actions to reduce these errors without compromising access for low-income families and without unduly increasing burden on schools.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Mr. Kingston: The administration is proposing a new pilot program to encourage elderly individuals to participate in the SNAP. Previous administrations had proposed eliminating the CSFP in favor of SNAP funding. What can you tell us about the pilot program? What are its purposes, duration and goals? How large a pilot will it be?

Response: The President's Budget will request funds to test the effectiveness of using "leads data" from the Social Security Administration to increase participation in SNAP among elderly beneficiaries of the Medicare Low-Income Subsidy (LIS). LIS provides extra help to pay for prescription drug costs for Medicare beneficiaries with limited income and resources. Recent legislation requires the Social Security Administration to send information about new LIS beneficiaries to State Medicaid agencies to determine their eligibility for subsidized Medicare premiums, including some approximate measures of beneficiary income and resource levels. The purpose of this pilot is to explore potential strategies to use this data to encourage and increase SNAP participation among eligible elderly people. Since the eligibility standards for SNAP and LIS do not align directly, various approaches will be explored. These may include targeted enrollment, an outreach program, streamlining the SNAP application process or exploring eligibility simplification. The project will also assess SNAP participation outcomes, payment accuracy and cost-neutrality associated with these initiatives.

FOOD SAFETY

Mr. Kingston: Your proposal to shift to local, organic, specialty crop producers as a way of decreasing obesity in children appears to make sense, but doesn't it also greatly increase the risk of food borne disease? What advice would you give to FDA to monitor and inspect so many small local producers? Would not young, low income school children be the very population that you would want to take every precaution to protect? d) Would USDA take on a larger role?

Response: Over recent years, the Department has made a number of strides in increasing the consumption of fresh fruits and vegetables, most notably, the expansion of the Fresh Fruit and Vegetable Program. The benefits of increased consumption are widely known yet. The responsibility for produce safety runs the continuum from farm to fork. On farm, the way to ensure the safest produce possible is to use Good Agricultural Practices (GAPs), Good Handling Practices (GHPs), and Good Manufacturing Practices (GMPs). These practices must be followed regardless of the size or type of producer.

The Food and Drug Administration (FDA) has taken proactive measures to improve the safety of fresh produce through their Produce and Imported Food Safety Initiative and their Produce Safety Action Plan. USDA's Agricultural Marketing Service partners with industry and State Departments of Agriculture to verify adherence to certain FDA guidance including audit verifications for GAPs, GHPs, and food defense protocols. These programs assure that producers are adhering to the principles of good practices and producing the safest produce possible.

To ensure that food safety follows through to the fork, USDA's Food and Nutrition Service (FNS) requires school food authorities to have a food safety program implemented in all schools participating in the National School Lunch Program.

FNS works closely with all Federal and State partners, industry and commodity groups, and program operators to design and implement an effective food safety system capable of serving the safest food possible to children in schools. The Department is committed to providing healthy and safe school meals and snacks and will take those actions needed to ensure that our children and their families have utmost confidence in the school meal programs.

RURAL DEVELOPMENT RECOVERY ACT BROADBAND FUNDING

We now have a massive $9 billion infusion of new taxpayer capital to implement Broadband everywhere in rural counties.

Mr. Kingston: How have USDA and Dept. of Commerce sorted out who will do what. Why is it important for two agencies to have funds to do what appears to be the same thing?

Response: Both USDA and Commerce have been planning jointly and will be implementing the two programs cooperatively. The Recovery Act provides specific requirements for each Agency's program. We are still finalizing the details of each program and how we will execute the programs together in a complementary manner.

Congress provided funds for both agencies for broadband deployment, with different requirements and priorities for each agency. USDA's program will be focused primarily in rural areas, consistent with our mission, and with an emphasis on sustainable broadband infrastructure that will facilitate and create economic development in rural communities.

Mr. Kingston: How will the Administration avoid paying for implementation in areas that would have been covered or are already covered by the private sector? How do you avoid picking winners and losers in a

process that the market place normally selects through the lowest cost/bidder?

Response: Both USDA and Commerce will focus on unserved and underserved areas. These areas are currently not being served because providers generally cannot make an economic business case for deployment. As such, the ability to provide low-interest loans and grants will likely entice applicants to bring broadband service to these areas.

The Recovery Act includes provisions that give priority to areas with limited or no access to broadband services. The selection criteria which will be included in our NOFAs will clearly define what type of information will be required from applicants to identify the status of broadband deployment in the proposed service area, including the existence of other broadband service providers. Additionally, applicants must demonstrate that the project is in the public interest and that the project would not have been funded without ARRA assistance.

This funding is designed to increase broadband access in the areas that are difficult to justify economically through private investment. The programs will be competitive loan and grants, open to all eligible applicants, which are evaluated through a competitive scoring process and awarded with transparency and public reporting.

Mr. Kingston: What are the access requirements going to be implemented and what impacts do you believe it will have on willingness to apply for grants? Given the potential for high return, why did the Administration decide to use grants rather than loans? We have already seen that loans were more than sufficient to entice the private sector to participate.

Response: The program requirements are currently being finalized and will be based in large part, upon the comments received through our six Public Hearings and Federal Register notice. The Recovery Act provided USDA with the authority to provide both loans and grants.

Many areas throughout the United States remain unserved and underserved with broadband. This is due to the fact that service providers cannot generally make an economic business case for deployment in these areas with existing federal and private loan programs. USDA's Community Connect Broadband Grant Program, funded at $13 million in FY 2009, brings broadband service to single communities with no broadband service.

We believe the large infusion of grant and loan funds provided under the ARRA will have a significant impact on deploying broadband service to rural unserved and underserved communities and provide the future groundwork for rural economic development.

SINGLE FAMILY HOUSING PROGRAM FEE

Mr. Kingston: For the past few years the previous Administration has requested that the homeownership lending program be greatly expanded to serve more families by increasing the upfront fee to match that required in HUD's FHA program. USDA estimated that the change would cost about $8 dollars a month to the average costs of a loan. Do you support this and will we see this proposal again in the 2010 budget?

Response: The prior Administration requested an increase to the guarantee fee for the Single Family Housing Section 502 Guaranteed Loan Program from 2 percent to 3 percent. The 2010 budget will include the Administration proposal for this program.

Mr. Kingston: Access to private lending as you indicate has largely dried up in rural counties leaving the USDA program as the major source of loans for single and multi family home ownership. But what measures are you taking to ensure that the private sector has every incentive to return and that the USDA does not eliminate their presence through subsidized loans at the taxpayer expense?

Response: The subsidized 502 direct loan program does not attempt to compete with private sector lenders but rather targets very low- and low-income applicants that do not meet commercial bank lending criteria due to lack of available funds to make a down payment with.

RENEWABLE ENERGY PROGRAMS

Mr. Kingston: We seem, through subsidy, to have created the potential for a boom and bust cycle with respect to the creation of ethanol plants with large plants going bankrupt and many others being left on the drawing boards. What do you believe is the proper role of the taxpayer in developing biofuels with respect to both their start up and closure of unsuccessful entities?

Response: The public sector is working with private enterprises to encourage and develop a new generation of ethanol plants. Cellulosic ethanol plants are moving beyond research and are currently in advanced development and deployment around the globe. The Department of Agriculture is committed to working closely with the Department of Energy, the EPA and other federal agencies in collaboration with private enterprises not only to provide basic research opportunities but help finance the construction of biofuel infrastructure capable of producing, transporting, converting and distributing biofuels from sustainable agricultural and forestry practices.

Allocating taxpayer resources is a practice accompanied with a measured responsibility calling for sound practical management and accountability. Diligent attention is paid to the credibility, character and cash flow for each and every loan we make that supports biofuel development.

Our loans are made with careful consideration of the financial and technological risks associated with each case; they are analyzed by management and only then are taken to our committee for approval. In addition, we are continually monitoring the outcomes, reviewing the process and looking at the overall patterns.

USDA PROGRAMMATIC CHANGES

Mr. Kingston: The proposal to eliminate payments for producers with incomes higher than $250K is proposed as USDA's contribution to reducing the deficit in half. What other USDA programmatic changes are under consideration as your contribution to reducing the deficit, if this proposal is not adopted?

Response: The 2010 President's budget includes proposals to implement several changes to USDA programs resulting in savings that will help reduce

the deficit. In addition to the proposal to reduce direct payments to the largest farmers based on revenues, the budget proposes to eliminate the requirement for the Government to pay storage costs of cotton that is put under loan with USDA. The budget proposes to eliminate the Resource Conservation and Development Program, and to reduce funds for crop insurance subsidies and the Market Access Program. Additional details will be provided in the detailed budget to be released later this spring.

QUESTIONS SUBMITTED BY MR. BOYD

FSA INFORMATION TECHNOLOGY

Mr. Boyd: Mr. Secretary, there has been a great deal said about the FSA IT (computer) situation. Does the USDA plan to continue to upgrade the IT system and how long it might take to get everyone up to date?

Response: FSA is continuing to upgrade the IT environment and systems by relying on funding from both regular appropriations and the Recovery Act. Funding for the stabilization effort will enable FSA to continue improving the management, monitoring and performance of current and planned web-based system networks, hosting environments, applications, databases and reporting capabilities needed to support current and future customer business transactions on USDA's Common Computing Environment.

Continuing stabilization provides tools and IT best practices that are essential for the infrastructure foundation upon which all modernization efforts will be constructed. These essential tools and practices include hosting environments, monitoring tools, testing procedures and environments and enhanced reporting capabilities to manage and optimize the utilization capacity of the network and computing environment.

These efforts will reduce and in some cases eliminate the costs of unscheduled "outages," decreased data processing times, and under-utilization of capacity. Furthermore, it is a necessary bridge to the successful implementation of our modernization strategy.

Recovery Act funding for Modernization will help implement the MIDAS initiative - i.e., "Modernize and Innovate the Delivery of Agricultural Systems." As modernization efforts evolve, FSA business processes and applications will be streamlined. Web-based systems will support reengineered business processes.

Implementation of MIDAS will produce an effective long-term IT system and architecture for FSA farm program delivery, including price support programs, conservation/environmental programs, and disaster programs.

Previous funding has also supported the development of the Infrastructure Stabilization Data Warehouse (ISDW). This development will continue. Once fully implemented, ISDW will establish a consolidated reporting environment to provide stability and capacity to the environment and position FSA to implement a commercial, off-the-shelf solution for Modernization.

The duration of these efforts is contingent on funding. Changes in expected funding levels negatively impact delivery schedules and implementation target dates.

CONSERVATION ADMINISTRATIVE WORK

Mr. Boyd: Mr. Secretary, House Agriculture Chairman Collin Peterson has indicated he wants to move a USDA modernization package in this Congress. In the past, the Chairman has spoken about shifting the conservation administrative work to County FSA Offices, thus giving NRCS personnel more time in the field. NRCS staff has technical expertise, while FSA has more expertise in the administrative area. These changes could be made without legislative action. Is this something you will consider?

Response: We don't believe such a move is necessary at this time. NRCS has invested a great many resources over several years, to build a seamless contracts planning tool, while delivering significantly more conservation through the farm bills. The Agency has dealt with the growth of conservation programs, and put into place a payment processing system that links to conservation contracts. To further gain efficiencies in software tools, last year the Agency assembled a 'streamlining team' to review all the business processes of conservation planning and administration. This team will link all the current technical planning and payment programs into a single IT interface that will send the completed and certified payment approvals to the budget execution team. These linked systems will save the conservation planner time and reduce errors in technical planning, design and payments administration.

Finally but most importantly, NRCS and FSA do not serve the same customer base. Because of its broader mission, NRCS provides assistance to a wider array of customers than does FSA. To the maximum extent possible, USDA strives to deliver one-stop shopping to our customers. Creating additional divisions of assistance create a burden for our clients. This burden could be especially onerous on some of our limited resource producers or historically underserved clients.

COTTON STORAGE

Mr. Boyd: Mr. Secretary, regulations issued in August 2006 made extensive changes to reduce costs by capping storage credits and enhancing flow to market. The 2008 farm law codified those changes and further reduced the cap on storage credits by 10% immediately and 20% beginning 2011. As you know, cotton must be stored in an approved warehouse to be eligible for the loan. There is no on-farm storage. This could be extraordinarily disruptive to marketing and income. Could you explain what impacts you believe termination will have on producer income and marketing?

Response: USDA believes that these storage benefits should be terminated for several reasons. First, cotton warehouse storage credits are a non-market incentive for both increased cotton production and longer periods of storage compared to other program commodities. The Commodity Credit Corporation (CCC) does not reduce loan repayment amounts by any portion of storage costs for any other covered commodity. (CCC does pay storage costs for both peanuts and upland cotton if those loan commodities are forfeited.)

Although cotton has unique storage and marketing requirements compared to commingled grains, these credits distort production and storage decisions in favor of cotton to the detriment of other crops. During each of the past 5 years, in spite of these credits, upland cotton has been forfeited to CCC at its loan value. Further, the expected CCC outlays for cotton storage credits are over $300 million for the next 5 years.

The impact of curtailing this $300 million incentive for cotton production and storage is that producers' planting decisions will become more market driven rather than influenced by this substantial benefit available to this one crop. All agricultural crops have storage costs. CCC is distorting market prices and producer decisions by paying such costs for one commodity.

Farm storage of cotton is not an industry practice in most production areas. However, in March 2004, USDA amended its cotton program regulations to permit the outside, on-farm storage of ELS cotton in designated arid areas of the Southwest. In those areas, the cotton bales are hermetically sealed against moisture and dust contamination. This type of storage has been successful in reducing storage costs while fully protecting the cotton from damage. The practice is not practical in other areas due to higher humidity and rainfall.

RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM

Mr. Boyd: Mr. Secretary, the President's budget outline calls for eliminating the RC&D program. This program has been very successful in helping build up small towns and rural communities across North Florida and the nation. Would you better explain the reason for ending this program and do you have any information to indicate what the economic impact on rural communities would be if this program was cut?

Response: An analysis by the Office of Management and Budget found the RC&D program to be duplicative of other similar resource conservation planning, rural economic development, community programs provided by other USDA agencies (such as the Forest Service and Rural Development), and other Federal departments (such as the Department of Commerce's Economic Development Administration).

We do not have information about the economic impact on rural communities if the funding for the program is eliminated. Although NRCS technical assistance would be eliminated, we believe the majority of the 375 existing non-profit RC&D Councils will continue to serve their communities. These councils have developed strategic area plans that identify and address their agreed priorities. They have experience in obtaining financial support for projects and acting as fiscal agents in their communities.

DIRECT AND COUNTER-CYCLICAL PAYMENT CONTRACTS

Mr. Boyd: Mr. Secretary, recently new terms were added to the Direct and Counter-Cyclical Program Contracts to prohibit those who have 10 base acres or less from being eligible to receive payments on that farm. Can you explain why this is and if the Department would consider rescinding this rule?

Response: For the 2009 and subsequent crop years, Section 1101(d) of the Food, Conservation and Energy Act of 2008 prohibits direct, counter-cyclical, and average crop revenue election payments on a farm if the sum of the base acres of the farm is 10 acres or less. We cannot rescind a statutory provision. However, the statute provides exemptions from this provision for farms owned by socially disadvantaged or limited resource farmers.

QUESTIONS SUBMITTED BY MR. BISHOP

CHANGES IN REGULATIONS

Mr. Bishop: Mr. Secretary, the 2008 farm law included the most significant and far-reaching changes in commodity payment limitations since 1989 including: elimination of the three-entity rule; new spouse provisions; and new farm and non-farm income tests. The previous Administration published an interim, final rule on December 29, 2008 with a 30 day comment period, which you have extended to April 6. You have indicated that the regulation will be effective for 2009 regardless of the comments. I understand FSA is still providing interpretations to field offices, that there may soon be an amendment to the 4-PL handbook used to evaluate plans and applications submitted by farmers, and that there have recently been revisions to forms previously published for use by applicants.

I joined 69 of my colleagues who recently wrote to you asking that you withdraw portions of the regulation that are inconsistent with or not specifically required by the farm law. Since there continue to be changes in forms, instructions and interpretations which are creating significant uncertainty for farmers, would you consider revising the interim regulation to implement the new means-tests, the new spouse rule and to apply direct attribution for the 2009 crop and withdrawn proposed changes in actively engaged in farming rules and other provisions not required by the statute which are the primary source of confusion and frequent changes in instructions to the field?

Response: We appreciate your comments. We received over 5,000 comments in response to the interim rule. Many of those comments proposed additional payment eligibility restrictions. The changes we have made to forms were to simplify and streamline the filing process. We have made some minor revisions and clarifications on certain procedural points, but the basic provisions in the interim rule will remain in effect for 2009. If significant changes are made, they will be effective for 2010.

Mr. Bishop: Can you assure the Committee that steps are being taken to ensure interpretation and application of the rules is uniform, that instructions to the field will be timely and that offices are capable of renewing and approving or disapproving plans prior to the new August 6 deadline for enrolling in the program for 2009 crops?

Response: We have issued national procedures and have held conference calls with our State offices. As a point of clarification, farm operating plans (CCC-902's) do not have to be filed by August 14, the extended deadline to enroll in DCP or ACRE for 2009. There is no specific deadline for filing a CCC-902. However, the producer is not eligible for payment until the CCC-902 is filed and determinations made.

INCOME DATA

Mr. Bishop: Mr. Secretary, you recently announced a collaborative effort with IRS which as I understand will allow you to improve the administration of the adjusted gross farm and non-farm income tests. While I understand the importance of strong oversight, I am concerned about the exchange of tax information between the IRS and USDA. Since the new income tests are based on farm and non-farm income, not adjusted gross income which

is readily available on individual tax returns, what data will you ask IRS to review in order to provide USDA with information that can be utilized?

Response: The process is still in development. However, IRS and USDA have discussed the specific tax return line items that would be necessary to make the required determinations. IRS would provide USDA the amounts from the relevant tax return line items through a secured process. USDA's computer operations in Kansas City would take that information and perform the applicable calculations to determine whether an individual or entity has exceeded average adjusted gross income limitations.

Mr. Bishop: How will the data be communicated between IRS and USDA? Can you assure the Committee that there will be no breach of privacy? Will any of the information provided to USDA by IRS be subject to a FOIA request?

Response: The information will be communicated through a secure process that is still in the development stage. The Department and the IRS are working closely to ensure the privacy of the information. The information will not be subject to release through FOIA requests.

COTTON STORAGE CREDITS

Mr. Bishop: Mr. Secretary, your predecessors, both Republican and Democrat, made the decision to administer the cotton marketing loan program in a way that ensured U.S. cotton is competitive when prices are extraordinarily low by providing storage credits when cotton was redeemed. I understand a regulation issued August 2006 made extensive changes to reduce costs by capping storage credits and enhancing flow to market. The 2008 farm law codified those changes and further reduced the cap on storage credits by 10% immediately and 20% beginning 2011. As you know, cotton must be stored in an approved warehouse to be eligible for the loan - there is no on-farm storage. I was disappointed that the Administration's budget proposed terminating storage credits. I believe this would be extraordinarily disruptive to marketing and income. Could you explain what impacts you believe termination will have on producer income and marketing?

Response: USDA believes that these storage benefits should be terminated for several reasons. First, cotton warehouse storage credits are a non-market incentive for both increased cotton production and longer periods of storage compared to other program commodities. The Commodity Credit Corporation (CCC) does not reduce loan repayment amounts by any portion of storage costs for any other covered commodity. (CCC does pay storage costs for both peanuts and upland cotton if those loan commodities are forfeited.)

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DCP AND ACRE REGULATIONS

Mr. Bishop: Mr. Secretary, the regulation published December 29 implementing the DCP and ACRE provisions of the 2008 farm law included an unexpected provision that requires the termination of all base acres on federal lands. This provision is not required by the 2008 farm law and is proving highly disruptive for many growers who rent federal lands. Are you working to reverse this decision?

Response: This policy will be rescinded effective April 1, 2009.

Mr. Bishop: If so, could you advise the status of your efforts since spring planting is underway in some areas and about to start in others and the uncertainty of the status of these lands is disruptive and unsettling to many growers? Could you provide the Committee with a detailed inventory of federal lands including acreage held by each agency in each state and the base acres on the federal lands in each state?

Response: The decision has been made to rescind the policy. This information is not being compiled since the policy regarding base acres on federal land will be rescinded.

FARM PROGRAM DELIVERY

Mr. Bishop: Mr. Secretary, previous Administrations have under-estimated funding and personnel required to effectively implement and administer farm programs. Could you provide the Committee with an accurate assessment of the funds and personnel required by FSA to implement the 2008 farm law?

Response: FSA's initial cost estimate of the 2-year requirement was $105.0 million, which included funding for 708 staff-years, training, and information technology operations and development. The $50 million made available in the Food, Conservation, and Energy Act of 2008 allowed FSA to begin the software development and provide 200 temporary staff-years to the field offices to assist with program signup. On July 31, 2008, a budget amendment was sent by OMB to Congress documenting FSA's remaining requirement of $55 million for farm bill implementation. The budget amendment request is still considered a good estimate of remaining needs.

Mr. Bishop: Could you also advise the Committee the status of the existing computer system's capability to handle the data necessary to sign-up producers for the new revenue-based ACRE and SURE programs? Is FSA capable of fully evaluating the new farm plans and income data necessary to determine if a farmer qualifies for the 2009 programs?

Response: FSA is continuing to upgrade the IT environment and systems by relying on funding from both regular appropriations and the Recovery Act. Funding for the stabilization effort will enable FSA to continue improving the management, monitoring and performance of current and planned Web-based system networks, hosting environments, applications, databases and reporting capabilities needed to support current and future customer business transactions on USDA's Common Computing Environment.

The signup software for ACRE and SURE will be delivered as Web-based applications running on the Common Computing Environment. Signup for ACRE will open for processing in late April. The investments in the Web Farm environment as part of FSA stabilization funding have enabled the upgrading and stabilization of the Web Farm environment to the level of capability that will support ACRE and SURE program signup and delivery of payments.

FSA is still delivering mission-critical applications in the legacy AS400/S36 environment. Some of these applications such as the Noninsured Crop Disaster Assistance Program are required for the processing of SURE payments. FSA needs the critical investments necessary to complete the modernization of systems into a centralized Web environment in order to stabilize the delivery of all FSA programs.

FSA has fully implemented the regulations on payment eligibility and income limitations that were published in the *Federal Register*.

FOREIGN AGRICULTURAL SERVICE BUDGET SITUATION

Mr. Bishop: Mr. Secretary, the former Foreign Agricultural Service Administrator publicly documented funding short-falls for FAS. You acknowledged your concern about funding and personnel in FAS shortly after you were sworn in. Will your FY 2010 budget proposal include a status report on funding needed to bring FAS to full strength so they can carry out their mission, which includes a key role in gathering market information which can be used in market development and trade enforcement?

Response: We have developed a budget proposal for FAS that takes into account its recent funding difficulties and is designed to avoid a repeat of the situation in FY 2010. Based on a fairly thorough review of what factors led to the current situation, we have a good understanding what additional funding is needed. The details of our proposals will be spelled out in the President's budget documents when they are released in May. We are hopeful Congress will understand and support our request.

Mr. Bishop: Mr. Secretary, there is reportedly significant demand for GSM export credit guarantee funds. Is your intention to release an additional allocation of GSM-102 export guarantee funds in the near future? Do you agree that you have authority to make up to $5.5 billion in guarantees available for FY 2009?

Response: Yes, we anticipate announcing additional allocations of CCC export credit guarantees as we move through the fiscal year. Guarantees are made available on a gradual basis so that regional and country allocations reflect patterns of actual demand and to ensure that there will be guarantees available throughout the course of the year. We agree with your view that CCC has the authority to make up to $5.5 billion of guarantees during FY 2009.

PEANUTS

Mr. Bishop: Mr. Secretary, on March 26 of this year, you announced that approximately 200 million pounds of nonfat dry milk will be transferred from the Commodity Credit Corporation to USDA's Food and Nutrition Service for use in domestic feeding programs. Your press release stated, "The goal is to help support both low-income families struggling to put nutritious food on their tables and dairy farmers who have been challenged by high feed costs and low dairy prices".

We are now into almost four months of a crisis for the U.S. peanut butter industry. This crisis was brought on by a single, small peanut butter manufacturer who demonstrated very poor character. No one has accused America's peanut producers of any negligence or product contamination actions. Peanut butter is a low-cost, healthy, safe product.

Peanut butter has been a staple of USDA's school lunch program for many years. I don't understand why USDA would not take more of a leadership role in helping America's peanut producers at a time of their greatest crisis in history. Chairwoman DeLauro was kind enough to meet with my producers and expressed her concern for their plight.

We don't know how much of one of the largest peanut crops in history, for 2008, will be carried over but it appears that USDA will soon have a record number of peanut stocks. There are no peanut contracts for producers for the 2009 crop. Growers are very concerned about the future of the industry. Why can't USDA assist peanut producers in a similar fashion as you did dairy farmers on March 26? Why can't USDA increase peanut butter purchases for USDA feeding programs? Our peanut producers have never needed the Department as much as they do today.

Response: Although USDA offers support programs for both peanuts and dairy products, the programs are very different.

Under the Dairy Product Price Support Program (DPPSP), USDA purchases specific dairy products - nonfat dry milk, cheese, and butter - at statutorily determined prices. USDA is obligated to purchase all of these products that are offered by processors, and the purchases are immediately recorded into the Commodity Credit Corporation's inventory.

Peanuts, on the other hand, are not processed under a direct purchase program. Instead, peanuts can be pledged as collateral for a nonrecourse marketing assistance loan that provides the producer the option of repaying the loan at the loan principal plus accrued interest, or at the National Posted Price, whichever is lower.

Marketing assistance loans have a nine-month term, and at the end of the loan period, producers that have not repaid their loans may deliver the pledged collateral to the Commodity Credit Corporation (CCC) in satisfaction of the outstanding loan. CCC takes title to the peanuts only after the loan maturity date passes and the peanuts are delivered. The final maturity date for 2008-crop peanut loans is October 31, 2009. Currently, CCC does not own any peanuts.

In the event peanuts are forfeited to CCC in satisfaction of marketing assistance loans, USDA will consider all available outlets to dispose of the inventory in a manner that meets all statutory requirements. Recently, all

CCC-owned commodities, including 891 tons of peanuts, were exchanged for value-added products that were provided to domestic and international feeding programs. We are pleased to inform you that 16.6 million pounds of peanut butter were acquired under these exchanges for use in domestic food distribution programs.

In addition to these exchanges, USDA also purchases peanut products for use in domestic food distribution programs. From FY 2006 to FY 2008, purchases of peanut products grew from $22 million to $39 million, and FY 2009 purchases to date total over $12 million.

The Food and Nutrition Service (FNS) purchases nutritious products for use in our domestic nutrition assistance programs based on the stated preferences of our State and local partners such as State agencies, school districts, and food banks, who are acting on the preferences of program participants. In this manner, we have long provided peanut products through our programs. In fact, from fiscal years 2006 to 2008, our purchases of peanut products grew from $22 million to $39 million. Thus far in FY 2009, we have purchased over $12 million of peanut products. In addition, States have ordered $13.3 million in peanut products for the Emergency Food Assistance Program with American Recovery and Reinvestment Act funds. We will continue to offer peanut products to our partners. Ultimately, however, it is up to our partners to decide whether to actually order those products.

Mr. Bishop: Mr. Secretary, Congress changed the U.S. peanut program in the 2002 Farm Bill from a supply/management quota program to a marketing loan program. This was a historic change. The 2008 Farm Bill continued the peanut marketing loan program.

The Bush Administration has never allowed the peanut marketing loan to function as it does with other commodity programs. The loan repayment rate has been set too high since the beginning of the program. Each Tuesday afternoon, USDA sets a public posted price. This price does not take into account world market prices for peanuts. Our competitors are China, India, Argentina and others. This has seriously harmed our potential export efforts and pushed down domestic peanut contracts. We have met with the USDA under the Bush Administration and the peanut industry never believed there was a serious review of how the posted price was set. Will you ask your staff to review the current peanut loan repayment rate and determine if it includes an accurate reflection of world peanut market prices in establishing the peanut posted price and report back to our Subcommittee?

Response: The 2002 and 2008 farm legislation did not provide an Adjusted World Price loan repayment mechanism for peanuts, as was provided for rice and cotton. Instead, the Farm Bill legislation provides four factors for setting an alternative loan repayment rate for peanuts. Peanut producers may repay marketing loans at the loan rate plus interest or at a rate that the Secretary determines will minimize potential loan forfeitures, minimize accumulation of stocks of peanuts by the Federal Government, minimize the cost incurred by the Federal Government in storing peanuts, and allow peanuts produced in the United States to be marketed freely and competitively, both domestically and internationally.

In general, peanut exports have encompassed 15 percent of total use since the early 1990's, while the domestic market consumes the remainder. Given the export market's smaller role relative to the domestic market, world prices would logically play a smaller role in determining a single posted price for all U.S. peanuts.

Even so, USDA has attempted to include export peanut prices in its National Posted Price (NPP), notwithstanding issues concerning price availability and reliability. No verifiable series of world peanut prices exists; at best, USDA is limited to occasional price quotes with no information as to the volumes traded or quote source.

Domestic peanut price information is more readily available, although collection of this data also presents a challenge to USDA. The cash market for farmer stock peanuts is almost non-existent, leaving USDA with little current market data for setting the NPP.

In addition, the reliability of peanut price data reported to USDA is in question. The Office of Inspector General recently released a final audit report on peanut pricing that concludes that National Agricultural Statistics Service peanut prices may not be complete and cannot be verified. The report recommends that USDA seek authority to establish mandatory price reporting for peanut buyers as well as the authority to verify buyers' reported data.

Contracts for 2008-crop peanuts began as low as $500 per short ton and reached above $600 per short ton. The current NPP of $425 per short ton is considered well within the range of current market prices.

U.S. peanut exports have remained healthy since the beginning of the marketing loan program and grew by 53 percent between the 2005 and 2007 marketing years. USDA projects this figure to increase by 10 percent for the 2008 marketing year, which would bring U.S. peanut exports to their highest level since 1994.

Limited offering of domestic peanut contracts for the 2009 crop is attributable to an abundant supply of peanuts. Peanut production in 2008 was a record-breaking 2.6 million tons, a 41-percent increase from 2007. Partly as a result, the March 31 Prospective Plantings report estimated intended 2009 peanut planted acreage down by 27 percent. Assuming 5-year Olympic average yield and abandonment rates, a 27-percent decrease in planted acreage would result in a production decrease of 35 percent from 2008. The expected lower production, if realized, would produce a more balanced supply and use outlook for 2009 peanuts.

WHITE HOUSE INITIATIVE ON RURAL AMERICA-THE CHALLENGES FACING RURAL AMERICA!

Mr. Bishop: Mr. Secretary, I represent a Congressional District, which has 32 mostly rural Counties (i.e., 29 of 32). More than half of the Counties in my District are classified as "persistent poverty counties," (ie, 20 percent + poverty over the past 3 Census's), --- as are Rep. Emerson's Congressional District and several others on this Subcommittee.

I'm convinced that now is the time to "rethink and revisit" the Federal Policy toward "Rural America!" While we all hope and pray that the Administration's Economic Stimulus plan will ultimately provide rural America with a "fair share" of the Bill's expected benefits!

Given the dire challenges facing rural America, and, the USDA's near exclusive statutory role and mandate to "lead" Federal Rural policy, I would like to strongly recommend and urge you, President Obama and the Administration, to consider convening a "White House Summit/Initiative on

Rural America," --- specifically charged to review the array of issues facing Rural America, and, mandated to develop a "new" Federal plan of action for rural America!

Thoughts?

Response: First, I want to acknowledge and thank both Congresswoman Emerson and you for your long advocacy and hard work on behalf of rural communities, not only in your own districts but around the country. As the former Governor of a heavily rural state, I understand and appreciate the importance of your efforts.

ARRA provided significant additional funding for rural housing, community facilities, infrastructure, and business development, so I would suggest that a new Federal plan of action for rural America is already underway.

Our 2010 budget proposals also reflect a strong commitment to rural America based on open communication with the people we serve.

The 2010 Budget proposes an increase of $70 million for research, education and extension activities. These funds will be used to provide incentives for educators in rural areas to enhance their teaching skills by establishing Rural America Teaching Fellowships which will encourage qualified teachers to pursue professional development activities. The additional funding will also allow secondary, 2-year postsecondary, and higher education institutions serving rural areas to update and revise their curricula and coordinate research and extension activities in the food and agricultural sciences. This initiative will also help strengthen the teaching, research, and extension programs in the food and agricultural sciences at 1890 and 1994 Land Grant Colleges and Hispanic-Serving Institutions.

USDA PERSONNEL APPOINTMENTS

Mr. Bishop: Mr. Secretary, can you give our Subcommittee a sense of when the Department will be fully ramped up, and have the majority of key personnel in place, including regional appointments (i.e., FSA)? Is there a timetable?

Response: The goals of USDA are to hire the most qualified individuals, creating a diverse workforce across the political appointee landscape. We have endeavored to do that, and have over 90 individuals on-board or in the pipeline to be hired for positions in the greater Washington, DC area. Further, we fully expect to complete the process of filling the regional appointments by mid-May. It is our expectation that we will be completely ramped up by the end of May.

PIGFORD

Mr. Bishop: What and where are the Department's plans with respect to Pigford, and does the Department intend to develop and execute a plan which fully addresses those issues still remaining and unresolved?

Follow-up: Frankly, in my view, many of the fundamental and underlying issues which first led to the Pigford decision, have yet to be effectively addressed by the Department! African American farmers still face an uneven

playing field in their ability to fully and equitably access Federal program support at the local level.

Response: Improving USDA's handling of civil rights is one of my top priorities. To address the underlying issues that have led to potential discrimination against African American farmers, other minority constituents, and USDA employees, I have issued a plan for definitive action. As part of this plan, USDA will conduct analyses of program delivery to assess potential discrimination; work with the Department of Justice to determine how claims not previously adjudicated under the Pigford litigation may be resolved fairly and expeditiously; establish outreach, advocacy, and diversity as separate functions at USDA in keeping with the 2008 Farm Bill to ensure all constituents have access to the Department's programs; and other activities to improve civil rights at USDA.

Mr. Bishop: This Administration has the unique opportunity, for the first time, to devise an "affirmative and progressive plan" which addresses these long standing issues! How can this Subcommittee help you in addressing these issues, and moving forward?

Response: I have issued a plan for definitive action to resolve the long standing civil rights issues. I look forward to working with the Subcommittee on enacting provisions of the Budget request that support the Department's implementation of the plan.

TECHNOLOGY

Mr. Bishop: Clearly, we have had serious issues with respect to USDA's tech base of support, particularly within the Farm Service Agency and its responsibilities. Over the past three years, our subcommittee has provided significant funds and resources to address the Department's issues in this regard, especially FSA. When can we expect our "return on investment" in tech support translate into improved service delivery and efficiencies?

Response: The Farm Service Agency relies on one of the oldest technology infrastructures within the Department of Agriculture, and arguably one of the oldest in the Federal Government. Since the major crash of the systems in January 2007, an additional $61.5 million has been provided to support the improvement of these systems. Since then, FSA has been able to deliver a significant return on investment by supporting the Web-based delivery of approximately $3 billion in program payments to farmers and ranchers. Beginning in October 2009, FSA will leverage the stabilized Web-based infrastructure to support all payment processing for the Direct and Countercyclical Payment Program and the Conservation Reserve Program. The payments for these two programs are estimated at over $6.7 billion annually.

Funding provided by Congress has enabled FSA to improve the network and common computing environment by acquiring and using stabilization tools, methodologies and processes that promote optimal and efficient system performance. In addition, FSA initiated a stabilization of FSA's electronic government environment to provide a necessary foundation for all future modernization efforts including optimal data processing times and capacity loading.

With the recent funds provided through the Recovery Act, FSA is positioned to continue to stabilization program and to begin the MIDAS initiative, i.e., "Modernize and Innovate the Delivery of Agricultural

Systems." As modernization efforts evolve, FSA business processes will be streamlined, Web-based systems will support reengineered business processes, data security will be improved, and customer payment accuracy and service timeliness will increase.

INCOME LIMITS ON FARM SUPPORT

Mr. Bishop: During the Bush years, record farm income and farmer health was often referenced as a justification to propose Farm program cuts to commercial sized operations. Today, however, there is a serious strain on all farmers - - both big and small - - and USDA's numbers show farm income dropping and NET income plunging. Why is this Administration re-opening the income limit debate on farm support, when it was decided last year in the Farm Bill?

Response: One of my top priorities as Secretary is to provide American farmers with a robust safety net that provides protection from market disruptions, weather disasters, pests and disease that threaten the viability of American agriculture. The President's Budget would maintain this safety net by continuing the three-legged stool of farm payments, crop insurance, and disaster assistance.

However, with the passage of the stimulus bill and the deficits we have inherited, our government likely will have a trillion dollar deficit this year and maybe next year. We can't continue to sustain these large deficits, so we will have to face some tough decisions in the future. While the President's proposal on income limits may appear to be aggressive, it is necessary to ensure that farm-program payments are targeted to the small and medium-sized farms while supporting the President's goal of reducing the deficit.

In addition, while our economy as a whole has a trade deficit, agriculture continues to enjoy a trade surplus. However, the reality is that U.S. farm program direct payments are under fire both at home and abroad. Our trading partners around the world are questioning the validity of the direct payment system and we've got a significant number of the members of Congress, who believe that the system in some way unfairly distorts opportunities for the family farm.

USDA would like to work with Congress to find alternate solutions to help famers develop other market-driven sources of income. Wind energy and biofuels should definitely be part of the income mix and organic agriculture will also play an increasing role. Furthermore, as people get to know what we can do in terms of reducing the carbon footprint of farming and create carbon sinks for the use of fields, we can create a system of green payments that will help support those small farms, mid-size farms and those large production operations.

MEXICAN TRUCKS

Mr. Bishop: It's our understanding that the Mexican Government has proposed retaliatory tariffs on U.S. agricultural products flowing into Mexico, as a result of our possibly ending the Mexican trucking pilot program. What is the status of discussions with the Mexican Government in this regard?

Response: The Omnibus Appropriations Act for 2009 ended funding for a cross-border, long-distance trucking demonstration project that allowed a small number of Mexican trucks to enter the United States beyond the border commercial zones, and provided reciprocal access to U.S. companies in Mexico. Mexico has imposed retaliatory tariffs in response to the termination of the pilot project.

President Obama has said that we need to fix this because the last thing we want to do at a time when the global economy is contracting and trade is shrinking is to resort to protectionist measures.

The President directed the Department of Transportation to work with the U.S. Trade Representative and the Department of State, along with leaders in Congress and Mexican officials, to propose legislation creating a new trucking project that will meet the legitimate concerns of Congress and our NAFTA commitments. That work, including consultations with Mexican officials, is proceeding in earnest.

QUESTIONS SUBMITTED BY CONGRESSWOMAN KAPTUR

NUTRITION

Ms. Kaptur: The Farm Bill included provisions expecting USDA to be sure that Buy American provisions for our food assistance programs are followed. We are now seeing a major expansion of the fruit and vegetable snack program, which I know you support. I am concerned, though, that the supply of American fresh fruits and vegetables drops during the school year, making it likely that schools have to use imported product in order to operate the snack program. What is USDA doing to make sure Buy American standards are being met, and to assess what portion of product purchased for the snack program may be coming from foreign sources?

Response: There are two main ways the USDA is working to ensure USDA standards for Buy American are being met: training and monitoring.

The Food and Nutrition Service (FNS) has taken several steps to advise school food authorities (SFAs) of their responsibility to Buy American. Information about the Buy American provision was incorporated into the Food Buying Guide for the Child Nutrition Programs. Approximately 200,000 copies of the guide were printed and provided to every school participating in the National School Lunch and School Breakfast Programs. A memorandum was sent to all State agencies reiterating the requirements. Also, FNS issued and posted on the agency Web site a number of Questions and Answers (Q&As) that addressed the relevance of the Buy American provisions to procurement actions in the Child Nutrition Programs. Additionally, FNS is in the process of developing a Web-based training curriculum for school food service professionals that will address the Buy American provision.

Also, State agencies must monitor all SFAs participating in the National School Lunch Program by conducting administrative reviews, referred to as the Coordinated Review Effort (CRE). Although monitoring the Buy American provision is not included in the CRE process or procedures, it is one of the additional areas that must be monitored by State agencies and reviewed for compliance with program requirements. As such, many States incorporate their monitoring of Buy American into their CRE process; they also may monitor compliance during other administrative reviews and while conducting technical assistance.

Ms. Kaptur: In the FY 2009 Agriculture Appropriations bill, language was included that required the agency "to provide a report to the Committees on the feasibility of installing electronic benefit transfer machines at all of the district or county farmers markets across the country." Based on the number of existing farmers markets, could you please outline for the committee how many farmers markets might be met from this possibility? I for one look forward to seeing the details of this report.

Response: FNS is in process of developing this report at the Subcommittee's request. According to USDA's Agricultural Marketing Service (AMS), as of August 2008, there were 4,685 farmers markets operating nationwide, a 6.8 percent increase from 2006, when AMS last updated the National Directory of Farmers Markets. As of the end of FY 2008, 753 farmers' markets participated in SNAP, an increase of 501 since FY 2001, when farmers' market participation was at its lowest in the past ten years. The FY 2008 number demonstrates a 34 percent increase as compared to FY 2007.

FNS has a number of activities underway to support participation by farmers' markets in SNAP. For example, FNS allows approaches such as paper scrip, tokens and wireless point-of-sale (POS) to process SNAP transactions when traditional electronic benefit transfer (EBT) POS equipment cannot be used. In addition, FNS simplified the application process for all retailers, including farmers' markets, to become authorized by instituting an online authorization system. We are encouraging efforts within interested States to apply for AMS grants that direct ten percent of the funding (total $5 million) towards new EBT systems in farmers' markets. Finally, FNS provides technical support to the AMS team writing an EBT Handbook to provide guidance to markets interested in implementing EBT. This handbook will be issued in the very near future.

Ms. Kaptur: Expanding access to foods is a top priority for me and setting up food banks and community gardens as redemption sites for the food stamp programs is an excellent way to increase the economic benefits of into the local community for these dollars. Please outline for the committee the agencies plans for promoting these types of innovative plans for rolling out these programs.

Response: Food banks and community gardens are not typically eligible for SNAP authorization because they do not stock and sell food. Community gardens are generally used as a food source to be consumed or donated by those in the community who maintain and work the gardens together. FNS can authorize community supported agriculture projects that sell food, but they often require advance payment for a crop that may or may not be realized. SNAP regulatory requirements for such cooperative type organizations state that food must be delivered within 14 days after payment. Organizations that meet the regulatory criteria can be and are authorized to accept SNAP benefits.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Ms. Kaptur: In fiscal year 2008, the federal government spent **$165,163,076.18** in my district. The problem with these dollars is that this money is not being spent in my community. The nutrition programs are purchasing this food from great distances. In Ohio, only 2% of food is produced in the State of Ohio.

In Toledo, our food banks are short of donations while the need continues to skyrocket. In my district, unemployment ranges from a low of nearly 9% to a high of 17% in one of my counties. As the economy suffers, food banks are the first line of defense. Programs like CSFP and TEFAP provide the most accessible form of food assistance and a lifeline for millions that are faced with severe food insecurity. With all the additional dollars that this committee has provided to fill the gaps in food stamps, WIC and CSFP, these dollars are barely covering the gap of increasing food costs.

Mr. Secretary, the prior administration for three straight years proposed the elimination of the Commodity Supplemental Food Program, which serves primarily elderly Americans who are facing difficult economic times. For three straight years this Committee has restored the funding for CSFP, and has tried to provide increases to fund the now six states that have had approved CSFP plans, but have been unable to start because funding is not available.

Can you tell me today if your fiscal 2010 budget will continue funding for CFSP and if you may be seeking the additional funding these six states need?

Response: My tenure as the Governor of Iowa has given me great appreciation for the important role that programs like CSFP play in providing food assistance. Details of the President's FY 2010 budget will be released shortly. I would be happy to meet with you to discuss how we can meet needs in the additional six States once the President's budget has been made available to your Subcommittee.

COORDINATION

Ms. Kaptur: As Secretary, you have a unique opportunity to turn the Department of Agriculture into a responsive entity that uses the food programs as a local economic generator. Sometimes, the nutrition programs seem to be designed as an outlet for low food costs not as a delivery mechanism for nutritious food. In my community, local purchasers can't seem to figure out the procurement requirements to sell locally. As an example, I was recently meeting with an Apple Grower in my district with a large operation by Ohio standards. He told me that a few years ago he went to a purchaser conference that explained the school nutrition program procurement process. He figured that as an apple producer he should be able to sell apples to the local school districts. After spending two days in Chicago, he walked away from the conference knowing that it was going to be impossible for him to sell to the school food programs. The system was too complicated and designed for large producers. So now, instead of Ohio schools buying Ohio apples, Lorain, Lucas Ottawa and Erie carry Washington Apples. The Department of Agriculture has an obligation to fix this procurement process and help us streamline these requirements to make the system accessible for local producers and I need your help in making the programs work for small producers like Bill Dodd.

Response: FNS fully supports the purchase of local products for school meal programs when these purchases are made in accordance with Federal, State, and local procurement requirements. These requirements are in place to ensure maximum free and open competition and the best use of Federal tax dollars; they help the purchasing agency receive the best and most responsive product at the lowest possible price. The Federal procurement requirements foster a competitive procurement environment and do not permit practices that either unduly restrict or eliminate competition.

Food, Conservation, and Energy Act of 2008 (P.L. 110-246), permits all institutions receiving funds through the Child Nutrition Programs to purchase directly from and give preference to local producers when purchasing unprocessed locally grown and locally raised agricultural products, as long as the purchases are in compliance with all procurement rules applicable to transactions made from a nonprofit school food service account. The intended result of allowing geographic preference for locally grown, unprocessed agricultural products is to support local small resource farmers while allowing school nutrition programs to serve unprocessed, fresh food to children. FNS has issued guidance in the form of Q&As and memoranda and will continue to provide technical assistance to program operators on this issue.

Additionally, FNS has developed a Web-based procurement training program that provides State agencies with a better understanding of procurement in the National School Lunch and School Breakfast Programs, including how to choose the proper procurement method and how to develop

appropriate specifications to ensure the proper procurement is made. Finally, FNS has provided written guidance to State agencies on ways in which SFAs can do business with local producers and still meet the Federal procurement requirements.

We recognize that challenges still exist in the process of purchasing products from local farmers for use in school meals. FNS will continue to work to advance the knowledge and understanding of program models, implementation methods, evaluation, and policy development surrounding local procurement.

COMMUNITY GARDENS

Ms. Kaptur: With AMS, FNS and ERS and Rural Development all playing a role in promoting urban agriculture, what are your plans to highlight community gardens?

Response: The Department has eliminated 1,250 square feet of unnecessary paved surface at the USDA headquarters and returned the landscape to grass to create the People's Garden. The USDA community garden project will include a wide variety of garden activities including Embassy window boxes, tree planting, and field office plots. The gardens will be designed to promote "going green" concepts, including landscaping and building design to retain water and reduce runoff; roof gardens for energy efficiency; utilizing native plantings and using sound conservation practices.

The National Institute of Food and Agriculture seeks to develop long-term solutions to ensure food security in communities through its Community Food Projects Competitive Grants Program (CFPCGP). The CFPCGP supports local food systems to provide high-quality fresh foods, with minimal adverse environmental impact. Examples of funded projects include expanding access to healthy and local foods in a low-income, high unemployment area by employing teens to develop community gardens and market their produce; and improving access to healthy foods through a variety of methods, including supermarket development, promoting local produce, a community kitchen and educational programs.

The Department has also promoted urban agriculture through on-going support of farmers' market programs and by supporting farm to school initiatives which involves the cooperation of Federal, State, and local governments, as well as local farm and educational organizations. Schools are encouraged to purchase locally grown fruits and vegetables and USDA has created several useful publications to promote such efforts. We are in the process of updating our publication "Eat Smart—Farm Fresh! A Guide to Buying and Serving Locally-Grown Produce in School Meals". The updated guide will provide current information to States and school districts on how to both enhance and develop successful programs, while also identifying opportunities for the effective use of local procurement options to support such efforts.

The Department has also recently implemented the provision in the 2008 Farm Bill which allows for the use of geographic preference for the Child Nutrition Programs. Geographic preference can be used to purchase unprocessed locally grown agriculture products at the best quality and price. In addition, the expansion of the Fresh Fruit and Vegetable Program offers more opportunities to make farm to school connections. This program allows schools to offer fresh fruits and vegetables as a morning or afternoon snack, and these fruits and vegetables can often be sourced from local producers.

USDA is currently assessing options for further strengthening our efforts across the Department to link local producers with nutrition programs, including identifying effective use of local procurement options and determining the best practices and most effective models for enhancing farm to school efforts. As a first step in this process, the Department recently hosted a conference call with a wide range of stakeholders interested in supporting sustainable agriculture and farm to school efforts.

RENEWABLE ENERGY PROGRAMS

Ms. Kaptur: As a governor from the State of Iowa, you have a knowledge base that is crucial for transforming agriculture into the 21st Century. Iowa has long led the country in using the energy programs to create a new vision for this industry. I would like to applaud you for announcing that we should increase the ethanol blend above the current 10%. Have you made a legislative proposal to increase the blend? I look forward to working with you to increase the ethanol blend in our fuel supply

Response: The blend wall is a significant long-term barrier to reaching the full potential of biofuels. As second and third generation feedstocks become available in the near to mid-term future, it will become increasingly important to consider for higher blends. I recognize that this prospect raises issues for EPA and for manufacturers who are concerned about warranties for current-generation products, but I am confident that these issues can be addressed through regulatory or legislative changes.

ELIGIBILITY FOR RURAL ENERGY FOR AMERICAN (REAP)

Ms. Kaptur: The Greenhouse and Nursery industry in my district has been ignored by USDA for the past 100 years simply because it is located next to the City. For these producers to be told they are not eligible for energy programs because the part of the county they are located in has been annexed by the City is unfair. In the 2008 farm bill, Congress provided broad authority to give the department of agriculture flexibility to applying these programs to agricultural production regardless of its geographic location. For the REAP program or Section 9007 of the farm bill, you have a unique opportunity make these greenhouses eligible. I would like to bring your attention to a recent letter sent to you by dozens of organizations representing nursery, floriculture and greenhouse industries and ask for your help in fixing this glaring loophole in one of the most important USDA energy programs. During the hearing, you outlined the flexibilities available to the administration in administering the B&I Loan programs for urban producers. Could you please elaborate on this point?

Response: The requirement that agricultural producers qualified under the Rural Energy for America and Energy Efficiency Improvement Program must be located in Rural America as defined by our regulations has been thoroughly reviewed. The Agency is considering a regulatory change that will allow agricultural producers located in non-rural areas to apply for assistance for under the REAP program. We anticipate implementing this change in fiscal year 2010.

Ms. Kaptur: The statutory authority for the Section 9007 or REAP program, like the B&I Loan programs has written into it flexibility in allowing USDA to provide assistance to producers operating in urban areas. However, to date, USDA has taken a narrow view of this flexibility. For the

tens of thousands of producers that happen to be located in urban areas it is of the utmost importance to make USDA programs accessible. Could you please outline the administrations perspective on the disqualification of these programs? Does USDA have any plans to expand eligibility for the Section 9007 REAP program?

Response: Rural Development is working on expanding the definition of agricultural producers to include producers that are located in non-rural areas. At this time there is no other expanded eligibility under consideration for the Rural Energy for America Program (REAP) Section 9007 of the 2008 Farm Bill. For B&I loans, communities that wish to be considered for a determination that they qualify for assistance under the "Rural in Character" provisions of the 2008 Farm Bill should contact their USDA Rural Development State director.

SMALL PACKER OPERATIONS

Ms. Kaptur: Last year when your predecessor testified before this subcommittee, I asked him about working with us in Ohio to help small producers use the federal inspection system and today, I ask your help in the same problem. The small producers in my district have a terrible time accessing market, have to travel many miles to have their animals slaughtered or pay absurd rates to the agency to cover their inspection costs. Quoting from a recent letter received from a constituent, "Small family packers must cover the cost of travel, per diem and a $68.50 / hour labor charge for grading. This works out to costs exceeding $20 per head at some of our participating locations." It has long been my claim that the structure of USDA is designed to encourage further concentration and destruction of small and family agriculture. Small producers need your help and leadership to provide them with the power to compete in this market.

Response: The President and I support investing in the full diversity of agricultural production. I recognize that independent producers face competitive challenges and will look into the matter of what can be done to assist them in this manner. Grading services are voluntary and fees are paid by all recipients who request such services. However, one segment of an industry cannot subsidize Government services provided to another segment of the industry. Fees are calculated to recover the costs of Government services provided.

COUNTRY OF ORIGIN LABELING

Ms. Kaptur: How is industry complying with implementation of Country of Origin labeling? Will full compliance with your recommendations require re-opening the rule?

Response: We are in the process of evaluating the implementation of Country of Origin Labeling over the next 6 to 8 months. USDA will be monitoring industry compliance with the final rule through surveys of randomly selected stores. Additionally, we will also look at the industry's response to the voluntary measures identified in my letter of February 20, 2009 concerning labeling of product from multiple countries of origin, the definition of processed foods, and narrowing the time allowance on inventory. The results of USDA's monitoring of industry compliance with the Final Rule and the measures contained in my letter over the coming months will determine whether there is a need for further regulatory action on COOL. If it is determined there is a need for further regulatory action, we would follow the

normal U.S. Government regulatory process, which would mean proposed rulemaking with an opportunity for notice and comment by all interested stakeholders.

We are currently preparing to deliver training to representatives from all 50 states that will assist us in enforcement activities for COOL. This training will be conducted at three different training sessions throughout May.

SMALL PACKER OPERATIONS

Ms. Kaptur: Mr. Secretary, you come from a State with many small meat processors. In Ohio, consolidation has decimated the small meat processors to the point that the majority of slaughtering capacity must be shipped out of state, especially in cattle. What can you do as Secretary to make it easier for small processors to get started and flourish in the marketplace?

Response: In this economy, I believe the Department needs to do everything it can to assist small and very small plants to continue to provide safe products to the American people. We must remain vigilant in keeping our food supply not only safe and wholesome, but also economically secure. One way to accomplish this is by providing financial assistance through our Rural Development programs, such as the Business & Industry guaranteed loan program and the value-added producer grant program. We can also accomplish this is through technical assistance. On the ground right now, the Food Safety and Inspection Service (FSIS) has a focused effort at reaching out to small and very small establishments to better assist them in providing safe and wholesome meat, poultry, and processed egg products. As part of this ongoing effort, FSIS last year announced a new program office, the Office of Outreach, Employee Education and Training, dedicated to providing consolidated access, resources and technical support.

Additionally, as is the case with small producers, small processors compete best in today's value-added markets, such as the area of animal production claims. Livestock production practices, such as no antibiotics and grass fed, are now being marketed by food retailers as specialty products, demanding a higher retail price.

The FY 2010 President's budget requests an increase of almost $1 million to strengthen the Grain Inspection, Packers and Stockyards Association's (GIPSA) enforcement of the Packers and Stockyards Act of 1921 (P&S Act). The P&S Act prohibits unfair, deceptive, and fraudulent practices by market agencies, dealers, packers, swine contractors and live poultry dealers in the livestock, poultry, and meatpacking industries. The proposed increase will strengthen direct enforcement of the P&S Act and promote greater voluntary compliance through an expanded presence in the industry. Funding will support additional regulatory review audits and will allow GIPSA to respond quickly to complaints of unfair and deceptive practices.

NATIONAL ANIMAL IDENTIFICATION SYSTEM

Ms. Kaptur: Mr. Secretary, you have recently said that animal ID might have to be made mandatory, but also acknowledged that there is still much opposition to the program among ranchers and farmers. How do you plan to address this disconnect and confront the concerns of smaller farmers and ranchers [and] assist them with compliance of a mandatory id system?

Response: Addressing the concerns that small farmers, ranchers, and other stakeholders have with the National Animal Identification System (NAIS) is one of my priorities. I recognize that USDA must hear these concerns and do all that we can to address them so that NAIS can move forward. Therefore, I plan to hold a listening tour to gather feedback and input to assist USDA in making decisions about the future direction of animal identification in the United States.

Through the listening tour, I would like to hear what kind of system stakeholders feel would work. We would also like to talk about solutions—solutions to concerns such as cost, impact on small farmers, privacy, confidentiality, and liability. The listening tour will include public meetings in several communities throughout the country and solicit comments from stakeholders. We will use this dialogue to help formulate solutions. I am certain these interactions will help us identify options that producers of all sizes will find more acceptable.

In addition, USDA has already formulated options within NAIS to avoid unnecessary cost and burden to producers. If radio frequency is used in the cattle industry, small cattle producers would not be required to invest in electronic readers. Additionally, producers who are unable to tag their animals on the farm or premises could have their animals tagged at offsite locations, including markets that will provide tagging services. We may also consider other incentives and start-up subsidy options. We want an animal identification system that farmers and ranchers can understand and support.

APHIS believes that the collection and analysis of the stakeholder information will take approximately four to six months. Once the information has been analyzed, the Agency will be able to make informed decisions regarding the future of the NAIS program.

FOOD SAFETY AND THE NATIONAL SCHOOL LUNCH PROGRAM

Ms. Kaptur: There seems to be a disconnect between the FDA and the Agricultural Marketing Service that buys commodities for the National School Program over who is responsible for the safety of the food that is purchased for the program. The recent peanut products food borne illness outbreak is a good example. What are you doing to ensure that food products that fall under FDA jurisdiction are safe for the National School Lunch program?

Response: First of all, it should be noted that when a food is recalled by the FDA or the Food Safety and Inspection Service and USDA products are affected, the Department takes immediate action to locate and remove it from school food service.

Peanut products used in domestic food distribution programs are purchased by the Farm Service Agency (FSA) rather than the Agricultural Marketing Service. FSA purchases peanut products in a manner that is consistent with the Federal Acquisition Regulation (FAR), which requires that, when acquiring commercial items the government shall rely on the contractors' existing quality assurance systems as a substitute for governmental inspection and testing before tender for acceptance unless customary market practices for the commercial item being acquired include in-process inspection. Any in-process inspection by the government must be conducted in a manner that is consistent with commercial practice.

In accordance with these FAR requirements, peanut products are purchased using commercial product specifications.

Contract terms also incorporate a Contractor Quality Assurance requirement for all peanut product purchases. Under these requirements, contractors are required to perform product testing and quality analysis to ensure that the product provided meet the commodity specifications, and the results of such testing and analysis are evidenced by a Certificate of Analysis (COA). In the event a tested product does not meet contract requirements, the contractor must immediately notify the government of the lots that fail to meet contract specifications.

Unfortunately, FSA, like the commercial sector, is not able to protect itself against a contractor who elects to ignore contract requirements to report failing lots to both commercial customers and the government.

RISK-BASED INSPECTION SYSTEM

Ms. Kaptur: In the Fiscal Year 2008 Agriculture Appropriations bill the committee prohibited the Administration from using appropriated funds to implement the risk-based inspection programs. The Office of the Inspector General was extremely critical of the risk based inspection system and made a number of important recommendations to FSIS. Instead of empowering the FSIS to tackle the crisis of confidence in our food inspection system, risk based inspection is based on flawed policies and questionable data. I am concerned that even though the risk based inspection system is on hold for at least the near future, the budget recommendation is calculating budget recommendations based on the repudiated system. Did the Administration use risk based inspection system to write the 2009 budget request?

Response: No, the Administration did not use the risk-based system to write the 2009 budget request. Instead, FSIS is currently taking a public health-based, data-driven approach to improve processing and slaughter inspection. This approach meets the Office of Inspector General (OIG) December 2007 risk-based inspection audit recommendation that we develop an integrated system and infrastructure to support a comprehensive, timely, and reliable data-driven inspection system. The audit of contains 35 recommendations, 23 of which are closed.

Ms. Kaptur: Could you please outline for the committee the agencies plans for moving forward on risk based inspection? In previous years, there has been grave concern with this proposal because we have lacked the confidence in the agency to implement a plan based on science and a good management strategy. If you do plan to move forward on this proposal, could you please outline for us the management strategy and science based plan for ensuring that risk based inspection can ensure the safety of our food supply?

Response: Rather than moving forward with the risk-based inspection system which was the subject of OIG's audit of December 2007, the agency is instead developing a public health-based, data-driven approach to improve processing and slaughter inspection. The system, called the Public Health Information System, will enable FSIS to collect, analyze and present data to allow decision-making based on relevant, timely product and process data, utilizing the best science available. Data collected will also help predict negative public health outcomes so that staff can rapidly respond to the hazards at all points and head off problems.

Ms. Kaptur: U.S. imports of agricultural and seafood products from all have been steadily increasing from 35.6 million metric tons in FY1997 to 48.2 MMT in FY2007, or by 35%. The increase by value was 94%, from $43 billion in FY1997 to $83.6 billion in FY2007 in FY2008, to 50.7 Million Metric Tons valued at $93 billion. As FSIS considers implementation of a risk based inspection system, how will such a system deal with untraceable and unmanageable foreign meats?

Response: To ensure the safety of imported products under its jurisdiction, FSIS establishes the equivalence of foreign food safety systems and audits those systems annually. In addition, FSIS reinspects product at the border, working closely with Customs and Border Protection, Animal and Plant Health Inspection Service and other federal agencies to prevent illegal product from entering the USA, and to control and recover illegal product. In addition, as indicated above, FSIS is also taking a public health-based, data-driven approach to improve processing and slaughter inspection. This system, called the Public Health Information System, will improve the agency's ability to verify the effectiveness of foreign food safety systems.

EMERALD ASH BORER

Ms. Kaptur: As you know, the Midwest is now facing a crisis related to the Emerald Ash Borer. Estimates now show that over 30 million trees have been killed by this invasive bug. In order to respond effectively to this bug, we need leadership from the highest levels at USDA. This requires coordination between APHIS, NRCS and the Forest Service. Dr. Ann M. Bartuska, Acting Deputy Under Secretary for Natural Resources and Environment and I have discussed coordinating a response to begin the process of replanting trees. There are two important opportunities that you have to promote tree replanting 1) using your discretionary authority in the CCC program to help communities devastated by the massive forest cover loss. 2) Fund proposals with stimulus money to support tree replanting. Ohio, Michigan and increasingly other States have been hit with this bug. Will you work with our region to address this disastrous bug? Will you help us coordinate a response from NRCS and the Forest Service?

Response: Yes. Emerald Ash Borer activities within USDA are coordinated among the Animal and Plant Health Inspection Service (APHIS), Forest Service (FS), and Natural Resources Conservation Service (NRCS).

The role of APHIS is to work with states in survey, eradication and enforcing of quarantines.

The Forest Service provides technical and financial assistance in support of tree planting in EAB-impacted areas and also provides tree inventory, monitoring, pest detection, research, technology development, and education with regard to this pest. This effort is under the authority of the Cooperative Forestry Assistance Act.

The NRCS is cooperating with the Forest Service, state forestry agencies, and other partners by distributing technical information and providing technical and financial assistance to rural forest landowners. Through its Environmental Quality Incentives Program (EQIP), NRCS can provide assistance to landowners with tree planting, forest stand improvement, and other conservation practices.

The USDA implements these programs with the cooperation of state forestry agencies, state departments of agriculture, state and local

governments, communities, and other partners. Tree planting is a component of the overall USDA approach to managing EAB. We will continue to work with many partners in your region to address EAB.

Ms. Kaptur: USDA must use its discretionary authority in responding to the Emerald Ash Borer and make CCC funds available for cities facing a crisis of funding and destroyed tree cover. Many of these cities do not have the dollars to remove dying trees and as a result, are putting their citizens at risk because they can't respond to a crisis which our poor inspection system created. Does USDA plan on using CCC funds to help confront this crisis and remove and replant trees?

Response: I understand your concern about the financial strain on communities affected by EAB. This pest has caused significant damage, and I recognize that many communities are struggling to deal with the number of dead and dying trees, especially in areas that have been infested for a decade or more. Because the pest has become widespread and control tools (other than removing infested trees, which proved both ineffective and too costly) did not exist for much of the program's history, the APHIS EAB program's goal has shifted from eradication to preventing the human assisted spread of the pest and reducing its natural spread. The Plant Protection Act gives USDA the authority to transfer funds from CCC (or any other account) in connection with programs to eradicate or control plant pests and diseases. Because removing these trees would not be part of an eradication or control program, our authority to use CCC funds would not apply.

MARKET CONCENTRATION AND ABUSE

Ms. Kaptur: Market concentration and abuse of the resulting market power have placed our farmers in the position of having to pay too much for their inputs and receiving too little for their production. The upshot of this has been a significant drawn down in the number of real working farms, evidenced by the rapidly advancing age of US farmers, accompanied by a lack of agricultural diversity in this country, formerly the breadbasket to the world. In your testimony, you have acknowledged some of these drastic shifts and the transformation away from smaller operations to larger more integrated ones. You have a number of agencies within your department, such as GIPSA, AMS, and FSIS that could influence this situation. Responding to this situation will require the close coordination among multiple divisions of USDA. Do you accept that this is as a problem area and if so, what are your intentions to coordinate a response?

Response: I agree that small farmers face a real challenge in today's market environment. For that reason, the FY 2010 President's Budget contains two specific initiatives that are aimed at protecting producers against unfair, deceptive, and fraudulent marketing practices. The first provides an additional $1 million to GIPSA for enhanced enforcement of the Packers and Stockyards Act through increased regulatory inspections and audits as well as investigations of complaints. The second provides an additional $2.8 million to AMS to enable the National Organic Program to conduct education and outreach as well as more in-depth accreditation and investigative audits of organic certifiers and certified operations in order to ensure the integrity of the USDA organic seal.

Ms. Kaptur: It is because of this concentration that I have long supported small and local food systems. In your FY 2010 budget, what steps

are you taking to promote some of the smaller programs that are essential for assisting small, non integrated farming systems?

Response: A fair and efficient marketing system is essential for maintaining economic viability for small to mid-size farms. The FY 2010 President's Budget contains initiatives that are aimed at protecting producers against unfair, deceptive and fraudulent marketing practices. For example, an increase of $1 million is requested to improve enforcement of the Packers and Stockyards Act. The budget also proposes an additional $2.8 million to enable the National Organic Program to conduct education and outreach as well as more in-depth accreditation and investigative audits of organic certifiers and certified operations in order to ensure the integrity of the USDA organic seal.

Ms. Kaptur: What initiatives does the Department plan on implementing to help address the continued concentration of American Agriculture?

Response: USDA is working on initiatives to address the continued concentration of American Agriculture and to assist small, non-integrated farming systems. Market intelligence and information helps agricultural producers, processors, and manufacturers better connect with buyers in the wholesale, retail, and food service sectors. For example, we identify the needs and requirements of various stakeholders in the agricultural supply chain, and generate technical reports and presentations that we share with industry and producer representatives. We are also working to increase the supply of local foods to nutrition assistance programs which will provide opportunities to smaller producers.

WEDNESDAY, APRIL 22, 2009.

TESTIMONY OF MEMBERS OF CONGRESS

APPROPRIATIONS FOR LAND GRANT INSTITUTIONS IN THE TERRITORIES

WITNESS

HON. MADELEINE Z. BORDALLO, A REPRESENTATIVE IN CONGRESS FROM THE TERRITORY OF GUAM

Ms. DELAURO. In the absence of a gavel, I will use my pen, but the hearing is called to order. I want to thank you. And let me just say welcome, everyone, here this morning, and particularly I want to say a welcome to my colleagues.

Just so that we put it in context here, the hearing is a new future of the Appropriations Committee's process. And the view is that it could provide an excellent opportunity for Members to share their priorities with the subcommittee, and the hope is that in an effort to deal with transparency, but to increase transparency of this process. So I am looking forward to hearing firsthand from you about your communities and what are the issues that are of interest.

Let me ask colleague Tom Latham if he has any comments to make.

Mr. LATHAM. No, I really don't. I just welcome our colleagues here, and thank you.

Ms. DELAURO. Okay. We have Congresswoman Madeleine Bordallo, now in her fourth term representing Guam. She joins us from the Armed Services Committee and from the Natural Resources Committee.

Congressman Gregorio Sablan, who represents the Northern Mariana Islands, serves on the House Natural Resources Committee and Education and Labor. And Congressman Sablan is in his first term and the first Northern Marianas Representative in the U.S. Congress.

Welcome to both of you. Let me just ask you to move forward with your testimony, and we welcome it. And, you know, obviously, if there are questions, we will ask some questions. But thank you again for being here.

And let me also welcome Congresswoman Jo Ann Emerson from Missouri, who sits on the subcommittee as well.

Congresswoman Bordallo.

Ms. BORDALLO. Good morning, Madam Chairwoman DeLauro and Ranking Member Mr. Latham. First, I want to thank you for allowing us to be the first to appear before you, since we have other commitments this morning.

I came here today to underscore the importance of this subcommittee in providing funding in fiscal year 2010 for the pro-

grams that are specifically authorized to support the land grant institutions in the territories. And I am joined this morning by my colleague, Congressman Sablan.

We have filed joint requests with Congressman Faleomavaega of American Samoa, Congresswoman Christensen of the Virgin Islands, and Congressman Pierluisi of Puerto Rico, who, like us, are contending with a markup session in the Committee on Natural Resources this morning. So I appreciate your forbearance as I must leave at the conclusion of my remarks to attend that markup session.

This year, Madam Chairwoman, we request that $1.5 million be appropriated for the Resident Instruction Insular Grants Program, which received $800,000 in last year's bill; second, that $8 million be appropriated for the Facilities and Equipment Insular Grants Program; and third, that $5 million be appropriated for the Distance Education Insular Grants Program.

Now, each of these three programs have been authorized by Congress in recognition of the unique needs of the land grant institutions in the territories and the disproportionately small amount of Federal funding that they have historically received.

This subcommittee has funded the Resident Instruction Grants Program, first authorized by the 2002 farm bill, for the past 5 years. And while the House has traditionally supported this program, without representation of the territories in the other body we have not faired so well in the conference process.

The institutions in the territories were designated as part of the land grant system in 1972 by an act of Congress. And these institutions, however, are generally classified and treated by USDA as members of the greater 1862 community of land grant colleges and universities. That means our institutions have to compete with more established, greater resourced, and more competitive flagship land grant institutions in the United States mainland for limited Federal dollars, and thus, in part, the reason for our request this morning.

The unique needs and the underdeveloped capacity of the institutions in the territories were acknowledged by USDA in a report that the Committee on Appropriations requested in 2003.

The institutions in the territories are working today to strengthen their capacity and ability to train professionals to meet the need for food and agricultural scientists and specialists in our island communities. Each of our institutions are also making the most use of limited and at-risk funding to continue extension initiatives aimed at sharing research-based knowledge and education with stakeholders in our community that ultimately is improving the quality of life and, in particular, public health.

Our institutions also comprise the Caribbean and Pacific Consortium, or the CariPac. This consortium was established in 2005 during the first year the Resident Instruction Grants Program was funded to support collaboration.

Now, with the Resident Instruction funds that have been appropriated to date, these institutions are preparing students to achieve their own personal career goals and increasing the quality of undergraduate instruction. The University of Guam—and, incidentally, Madam Chairman, the university is now headed by my pred-

ecessor, Dr. Underwood, who is now the president. The University of Guam, for example, has built the infrastructure needed to begin transmitting both real-time distant education courses and platform-based distant learning and delivery systems.

High school mentorship programs have also been established, and undergraduate and graduate scholarships are also being offered.

The amount appropriated each year for the Resident Instruction Grants Program, however, must be increased if we are to take this success to the next level. So attached to my written testimony is a chart outlining the education outcomes that each institution achieved with the funding provided to date. And I think you all have this chart.

Each of our territories is also contending with declining revenues and budget deficits. Providing at least $1.5 million for the Resident Instruction Grants Program in this year's bill will enable our institution to continue attracting and supporting undergraduate and graduate students in the agriculture, food and nutrition, and animal sciences.

Second, I cannot emphasize enough the demonstrated need in the area of facilities and equipment improvement for our land grant institutions in the territories. Last year, Congress in the farm bill authorized a new grants program to address these needs.

Very quickly, I want to highlight the most pressing infrastructure need at the University of Guam. In addition to the program request, I have also requested an appropriation in the amount of $750,000 within either the Agricultural Research Service or the CSREES account to upgrade its shrimp and tilapia hatchery facility. The original hatchery building was constructed over 30 years ago, has gone through nearly 25 typhoons, and was recently condemned by structural engineers.

And, Madam Chairwoman, on one of my recent trips, I did tour that facility, and it is in terrible shape. It previously housed shrimp and tilapia tanks for shrimp genetic replications and chillers for marketing to local, regional, and international stakeholders. And without this building at the University of Guam, the research facility, graduate students, and stakeholders are seriously crippled. And the pure genetic stocks that have resulted from up to a decade of replication will be lost. So the funds I have requested will help the University of Guam to rebuild this particular facility.

Now, finally, I cannot come before the subcommittee without also addressing the request I have submitted for an appropriation in the amount of $100,000 within the accounts for Natural Resources Conservation Service for the next phase of planning for the Northern Guam Irrigation Project.

The project received $100,000 in a discretionary award in 2006, but it awaits further funding. And this project will provide adequate, consistent, and affordable agricultural water to farmers in northern Guam, most of whom live at or below the poverty level and face inadequate irrigation water supply due to the deteriorated pipelines and inadequate source development to keep up with increased farm and domestic demand.

So, Madam Chairman and Ranking Member, I thank you very much, and members of the committee, for your consideration of all my requests and for your time.

[The information follows:]

STATEMENT OF HON. MADELEINE Z. BORDALLO
MEMBER REQUESTS HEARING
TESTIMONY BEFORE THE
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
April 22, 2009

Good morning Chairwoman DeLauro and Ranking Member Kingston. I welcome the opportunity to appear before you today to underscore the importance of this Subcommittee in providing funding in fiscal year 2010 for the research, education and extension programs that are specifically authorized to support the land grant institutions in the territories.

I am joined this morning by my colleague Congressman Gregorio Kilili Sablan of the Northern Mariana Islands. We will highlight our joint requests on behalf of our colleagues, Congressman Eni Faleomavaega of American Samoa, Congresswoman Donna Christensen of the Virgin Islands, and Congressman Pedro Pierluisi of Puerto Rico, who, like us, are contending with a mark-up session in the Committee on Natural Resources this morning. We appreciate your flexibility, however, and the accommodation made to receive us as the first Members to testify.

This year, we have written to you requesting first, that $1.5 million be appropriated for the Resident Instruction Insular Grants Program; second, that $8 million be appropriated for the Facilities and Equipment Insular Grants Program; and third, that $5 million be appropriated for the Distance Education Insular Grants Program. Each of these three programs have been authorized by Congress in recognition of the unique needs of the land grant institutions in the territories and the disproportionately small amount of federal funding that they have historically received.

This Subcommittee has funded the Resident Instruction Grants Program, first authorized by the 2002 farm bill, for the past five years. In 2009, the program is funded at $800,000. While the House has traditionally supported this program, without representation of the territories in the other body we have not fared so well in the

conference process. This year, we again are making a concerted effort to enlist support from Chairman Inouye and Ranking Member Cochran and your counterparts in the Senate for these programs. However, it is critical that these three programs receive the greatest support possible from you and the House given this reality.

The institutions in the territories were designated as part of the land grant system in 1972 by an Act of Congress. These institutions, however, are generally classified and treated as members of the greater 1862 community of land grant colleges and universities despite their underserved nature and unique needs. These unique needs and the underdeveloped capacity of these institutions were acknowledged by the Cooperative State Research, Education, and Extension Service (CSREES) in its report to the Committee on Appropriations dated April 28, 2004. This report was requested by the Committee in 2003, and I am grateful for the attention that has been brought to bear by this Subcommittee on funding for the land grant universities in the territories over the past several budget cycles.

The University of Guam, the Northern Marianas College, American Samoa Community College, the University of the Virgin Islands, the University of Puerto Rico, the College of Micronesia, the College of the Marshall Islands, and Palau Community College each today are working to strengthen their institutional capacity and ability to train professionals to meet the need for food and agricultural scientists and specialists in our island communities. Each of our institutions are also making the most use of limited and unstable funding to continue extension initiatives toward sharing research-based knowledge and education with stakeholders in our community that improves the quality of life and public health.

Our institutions comprise the Caribbean and Pacific Consortium (CariPac). CariPac was established in 2005 during the first year the Resident Instruction Grants Program was funded for the express purpose of addressing the challenges of providing food and agricultural education in our islands and to provide a means through which our institutions can better collaborate.

With the resident instruction funds that have been appropriated to date, these institutions are preparing students to achieve their own personal career goals and increasing the quality of undergraduate instruction. The University of Guam, for example, has built the infrastructure needed to begin transmitting both real-time distant education courses and platform based distant learning and deliver systems. High school mentorship programs have also been established and undergraduate and graduate scholarships are being offered. The amount appropriated each year for the Resident Instruction Grants Program, however, must be increased if we are to take this success to the next level.

Each of our territories is contending with declining revenues and budget deficits. In the Pacific Islands, we have faced a recession for several years and in advance of the economic downturn being felt across the U.S. mainland.

Providing at least $1.5 million for the Resident Instruction Grants Program in this year's bill will enable our institutions to continue attracting and supporting undergraduate and graduate students in the agriculture, food and nutrition and animal sciences. It will also provide our institutions an invaluable means by which to maintain its capacity in these difficult economic times and strengthen its curriculum to reflect the current realities and needs in our communities.

Second, I cannot emphasize enough the demonstrated need in the area of facilities and equipment improvement for our land grant institutions in the territories. Last year, Congress in the farm bill authorized a new grants program to address these needs, and I know Congressman Sablan will speak to this issue. The program is authorized to receive an appropriation of $8 million each fiscal year. I ask the Subcommittee to commit whatever level of funding may be possible to begin this new program.
I take this opportunity to quickly highlight the most pressing infrastructure need at the University of Guam in terms of its agricultural programs.

In addition to the program request, I have also requested an appropriation in the amount of $750,000 within either the Agriculture Research Service (ARS) or CSREES accounts to upgrade the shrimp and tilapia hatchery facility at the University of Guam. The original hatchery building was constructed over 30 years ago, has gone through nearly 25 typhoons, and was recently condemned by structural engineers. It previously housed shrimp and tilapia larvae cultures, tanks for shrimp genetic replications, tanks for tilapia fries, and chillers for marketing to local, regional and international stakeholders. Without this building at the University of Guam, the research faculty, graduate students and stakeholders will be seriously crippled and the pure genetic stocks that have resulted from up to a decade of replication will be lost. The funds I have requested would help the University of Guam rebuild this facility to a safe, modern 21st century laboratory. The hatchery is the only such facility on Guam and the research it provides for augmented instruction and in helping our shrimp farmers through extension is critical. If new funds cannot be provided to begin the facilities and equipment program, than I hope that this specific project could receive an appropriation.

Finally, I cannot come before the Subcommittee without also addressing the request I have submitted for an appropriation in the amount of $100,000 within the accounts for Natural Resources Conservation Service (NRCS) for the next phase of planning for the "Northern Guam Irrigation Project." The project received $100,000 in a discretionary award in 2006, but awaits further funded. Since the early 1990s, a number of efforts have been pursued by the Northern Guam Soil and Water Conservation District with assistance from the NRCS with the intent of providing adequate, consistent, and affordable agricultural water to farmers in Northern Guam. These farmers, most of whom live at or below the poverty level, face inadequate irrigation water supply due to deteriorated pipelines and inadequate source development to keep up with increased farm and domestic demand.

Establishment of an irrigation water district, that this project proposes, will provide reliable, consistent, and affordable water for approximately 70 farmers who live and farm on over 900 acres of historically arid land. Ultimately, the project will

contribute to Guam's economic diversity and self-sufficiency by improving the agricultural productivity in the project area. This project an authorized Public Law 83-566 project, and I request it be identified by the Committee in the bill or its accompanying report for funding in fiscal year 2010. I understand from NRCS that further planning is needed before it can advance to the operations phase.

Thank you for your consideration of all of the requests I have submitted to the Committee and for your attention to the needs of the land grant universities in the territories.

Ms. DELAURO. I understand the urgency for you to get off to a markup. Let me just ask a couple of questions, and I will ask my colleagues if they have questions.

With regard to the grants for the insular areas, give us the on-the-ground sense of what this does in terms of your land grant institutions. How does it strengthen what they do?

Ms. BORDALLO. Well, it certainly has been a success up to this point. But, as we grow, there is a need for additional funding.

One of the things I want to mention, Madam Chair, is we, like any other minority area, along with the CNMI, health is very important to us. And for this reason, we have to increase farming. We have farming, you know, that goes on 365 days of the year; we don't have any seasons. And so I feel that it is very important that we increase these very important projects.

Ms. DELAURO. Do all three programs that you mentioned—not the $100,000 and the $750,000, the others—what is their relationship to one another?

Ms. BORDALLO. Oh, they are partners, yes. And let me mention, too, more heavily we rely on Federal funds for some of these funds. Without it, locally we just could not continue.

Ms. DELAURO. And a question on the irrigation project: What is the benefit of that project to the communities that you represent?

Ms. BORDALLO. Well, right now, you know, our water system and all is very inadequate. It is antiquated. We just have to—and the farmers rely on, you know—they would like irrigation put in. None of them have it, so they are doing their own watering and trying to work their crops.

And another thing I want to point out is nearly 80 percent of the faculty is funded on the USDA budget, too. So that is another important aspect.

Ms. DELAURO. Do you know what the funding is going to be specifically used for? And what is the sense of the overall total project cost, ultimately, for this? Do we know?

Ms. BORDALLO. $1.3 million is the total cost.

Ms. DELAURO. $1.3 million is the total cost.

Ms. BORDALLO. And I want to mention, too, that, you know, with the irrigation system and some of this that the funds would handle, right now farmers have no water at all.

Ms. DELAURO. At all.

Ms. BORDALLO. No, none whatsoever. And we have been talking about this for years. And we do have droughts on Guam, believe it or not. We have the rainy season and the dry season. And that is when we are really affected.

Ms. DELAURO. Thank you, Congresswoman Bordello.

Let me ask my colleague, Mr. Latham.

Mrs. EMERSON. I have a question.

Ms. DELAURO. Mrs. Emerson.

Mrs. EMERSON. Thank you for being here today.

I have a very quick question. I would like to know, with the shifting of the Marine base and the additional people that suddenly the thousands and thousands of people that will actually be housed on Guam, don't you think—I mean, that is going to put a lot of pressure on already existing systems. So it seems to me that the land grant universities and not only doing the research but also en-

hancing the water systems and the like should help exacerbate some of the challenges you all are going to face with suddenly having all of these thousands of additional bodies on the island. Is that correct?

Ms. BORDALLO. The number we are looking at in the buildup is about 30,000. And certainly that is an impact in any community. There are 8,300 Marines and their families, which totals 20,000. And then we have enhancing the Air Force, the Navy, and the Army we are bring in. So, yes, very definitely.

Now, they are looking at the water system, because one of the contentions of some of the people are, are we going to have outside help? Is everything going to be inside the fence, or are they going to help us outside? And, yes, they are. They are looking at our power; they are looking at our water systems. But, again, that won't help the farmers.

Mrs. EMERSON. No, but I should think that you would have a lot of impact on the farmers and the necessity for the farmers to be able to further and better develop their techniques and their best practices for production purposes.

Ms. BORDALLO. Absolutely. Absolutely. Right now, we don't have any export in Guam. You know, farmers just—they raise crops, fruits and vegetables. There is a law, a local law, that they provide the fruits and vegetables for our students in school. But above and beyond that, we can't—now we have the Federal schools, the DOD schools, and we don't have the amount.

Mrs. EMERSON. So your request would definitely enhance your ability to provide fresh fruits and vegetables for those 30,000-plus new people.

Ms. BORDALLO. Absolutely. Absolutely, Congresswoman.

Mrs. EMERSON. Okay. Thank you.

Ms. DELAURO. I just have a quick question, because I am interested in the distance learning piece, which I am a strong supporter of distance learning, which is a tripartite piece here.

Just overall, in terms of the insular areas and the need for distance learning, can you just spend a second on talking about that need?

Ms. BORDALLO. Well, probably the most important aspect of it is it enables us to partner with mainland universities.

Ms. DELAURO. Okay.

Ms. BORDALLO. I think that is—and I don't know if the Congressman has any further comments on that.

Mr. SABLAN. Oh, Guam is very lucky, Chairwoman. She only has one island; I have 14.

Ms. DELAURO. You have 14 islands, yes.

Mr. SABLAN. And this spans the length of California or almost the West Coast.

Ms. BORDALLO. Three inhabited.

Mr. SABLAN. But we do have that communication problem in between the islands.

Ms. BORDALLO. And another point, too, on that same question. It makes most use of taxpayer funds, and we can tap into national successes. So it is very important. We are becoming—even though we are 10,000 miles from Washington, D.C., 22 air flight hours, we

are becoming closer and closer because of some of these programs and so forth.

Ms. DELAURO. Well, that is the advantage of distance learning and its abilities.

Mr. Latham.

Mr. LATHAM. I just wondered, with the influx of military, have you talked to the Department of Defense appropriation—or Defense Appropriations Subcommittee? Are there plans from the military to improve facilities over and above this?

Ms. BORDALLO. Oh, yes. It is a $14 billion move from Okinawa. And everything will be new—housing, so forth. They will be partnering with the local government on power. The dump sites will be used by both; water lines and so forth; and highways, highway money. So we are partnering because the local community is very concerned about that. So "yes" to your question.

Mr. LATHAM. Okay. Thank you.

Ms. DELAURO. Mr. Alexander, do you have any questions of the witness?

Mr. ALEXANDER. No, no.

Ms. DELAURO. Thank you very much, Congressman Bordallo. As I say, I appreciate your willingness to stay for questions. And if we have more, obviously we will be in touch with you and with your staff, and I know you will be in touch with us.

Ms. BORDALLO. I just wish, Madam Chairman, that we would be able to have other hours for meetings other than 10:00 and 2:00. It seems that we have so many, you know, problems with the timing here. So I would very much like to stay, but I do have——

Ms. DELAURO. No, no, no, I understand. And, again, thank you.

Let me ask Congressman Sablan to present his testimony.

WEDNESDAY, APRIL 22, 2009.

APPROPRIATIONS FOR LAND GRANT INSTITUTIONS IN THE TERRITORIES

WITNESS

HON. GREGORIO KILILI CAMACHO SABLAN, A REPRESENTATIVE IN CONGRESS FROM THE NORTHERN MARIANA ISLANDS

Mr. SABLAN. Thank you, Madam Chair and Mr. Latham, Mrs. Emerson and Mr. Alexander. Thank you for having us here this morning. I ask, if I may, that my statements be inserted in the record as if read in full. I want to try and shorten this.

Ms. DELAURO. Thank you.

Mr. SABLAN. Thank you for having us. And I join Mrs. Bordallo, on behalf of our colleagues, to highlight our joint request for appropriations for resident instruction, facilities and equipment, distance education grant programs that authorized by the Food Conservation and Energy Act of 2008 for land grant institutions and territories.

The insular programs, as they are generally known, are important means through which the Department of Agriculture helps address the unique and growing needs of this set of underserved, underdeveloped, minority-serving institutions.

I want to bring up three items. Mrs. Bordallo was able to discuss the land grant, but I have two other issues that I would like to bring: the Kagman Watershed and the Garapan Public Market.

Kagman has one of the richest soil in the entire Northern Mariana Islands, and they get about an hour of water maybe 4 or 5 times a week, if they are lucky. And so a lot of it depends on the rain. And the watershed, since 1993, 16 years, the Natural Resources Conservation Services have began working on the Kagman Watershed Project. And it is authorized, the project is authorized, and it just needs funding. We have been having a difficult time funding it.

And the purpose of the project is to reduce flooding of agricultural land and public roads by collecting the runoff from the mountainsides above the peninsula. And the water needs to be collected in a reservoir and then distributed to farmers for irrigation. There is about 3,750, almost 4,000 acres of Kagman land, and the area is intensely farmed for vegetables.

We import a lot of our vegetables from California. And they are great, they are great vegetables. It is just that the time it takes to get there and the cost of shipment is very exorbitantly expensive to ship from the West Coast to Saipan. And with this we could control some of this erosion and provide more water for the farmers, because the farmers are beginning to produce. And they do contribute to school lunch programs; they do contribute to horticulture, military right now. And then we will be contributing to the military buildup and the commissaries on Guam.

The second project that I have brought up is the Garapan Public Market. Here in Washington, D.C., you have the Eastern Market. I am sure in each of your districts you each have markets. And, even in Guam, they have their own markets. For the Northern Mariana Islands, at the present time, they have canopies.

They put up, erect tents. And they do it on a Thursday night at a certain place, on a Saturday at a certain place, on a Tuesday night. These are things they put up for a couple of hours and then sell their produce and then take it down. There is no running water, there is no sanitation. We would like to establish this, because this is where they sell not just produce but they also sell agriculture.

I just came from the Northern Mariana Islands. The mayor of Tinian started a seaweed and an abalone project, to grow these things, so we don't have to buy them from Asia. Right now we are buying them from Asia. And the market will give everybody an opportunity to come together, have sanitized a place where they come in and probably have chills and those kind of stuff to store fish so that they don't spoil as often and they are more fresh. And so I am asking for that also.

And, again, I attach myself to Mrs. Bordallo's testimony on the issue of land grants. And I would be happy to answer any questions that you may have.

[The information follows:]

STATEMENT OF HON. GREGORIO KILILI CAMACHO SABLAN
MEMBER REQUESTS HEARING
TESTIMONY BEFORE THE
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
April 22, 2009

Thank you Madam Chairwoman and Ranking Member Kingston. I come here today to join Ms. Bordallo, and on behalf of our colleagues from the territories, to highlight our joint requests for appropriations by the Committee for the resident instruction, facilities and equipment, and distance education grants programs that are authorized by the Food, Conservation and Energy Act of 2008 for the land grant institutions located in the territories. These programs are generally referred to as the "insular programs," and are an important means through which the United States Department of Agriculture (USDA) can help address the unique and growing needs of this set of underserved, underdeveloped, minority-serving institutions. Each of these institutions are accredited American schools with programs and majors established in the agricultural, food and animal sciences. I want to echo the sentiments expressed by my colleague from Guam and in particular this morning provide you with a general overview of the nature and state of farming in the islands, in addition to focusing on the facilities and equipment program request.

Before turning to these land grant program requests, however, I also want to speak to two of my priority project requests: the Kagman Watershed and Garapan Public Market.

Since 1993—almost 16 years—the Natural Resources Conservation Services has been working on the Kagman Watershed Project on the island of Saipan in the Northern Mariana Islands. The watershed project is authorized for Federal assistance under the Watershed Protection and Flood Protection Act (P.L. 83-566) and is administered by the NRCS under an agreement signed on November 4, 1993.

The purpose of the project is to reduce flooding of agricultural land and public roads by collecting run-off from the mountainside above the Kagman peninsula. The water is to be collected in a reservoir and then distributed to farmers on the peninsula for irrigation. The 3,750 acre Kagman peninsula has what has been described by the U.S. Department of Agriculture as the richest agriculture soils in the Marianas, reaching a depth of 16 feet.

The area is intensely farmed for vegetables. When completed, the project will increase Saipan's production of these crops, which are otherwise imported, control flooding of agricultural lands, lessen agricultural demands for water from ground aquifers, and decrease flooding on main roads. But the project has dragged on for years, moving by fits and starts as funds are available. It's time to finish what the federal government began in 1993. The money I am requesting will allow the project to move forward with construction of 70 million gallon reservoir, a sediment basin, pumps, and transfer pipelines—finally getting water to the farmers who need it.

In addition, I am requesting funds for the Garapan Public Market. Here in Washington, DC, there is the Eastern Market. In many other states, neighborhood markets become an important part of that community for various reasons including commerce. However, Saipan is lacking a centralized public market that can provide fresh produce and seafood to the community. There are a great number of commercial fishermen and commercial farmers on island, but there is no centralized facility that can accommodate the two industries. This market will provide essential infrastructure, such as permanent building facility with running water and electricity that can allow farmers and fishermen to provide freshly-made and prepared food on a daily basis. Perhaps it can evolve into something as wonderful as the Eastern Market that includes art and crafts displays. The public market will greatly enhance the sales and marketing of all participating farmers and fishermen and it will also provide the community a reliable and dependable source of fresh produce and seafood. The design and engineering of the proposed building structure has already been completed and only the construction and equipment installation phases will need funding.

Apart from this project request, is the three program requests I referenced at the start of my testimony. Our land grant institutions in the territories specialize in tropical and subtropical agriculture research and instruction, including in the areas of aquaculture and food and nutrition. Agriculture has remained a stable sector of our economies in the islands for decades and farming is a traditional part of our cultures. There is subsistence farming and a growing export market, especially with respect to specialty crops. Today, our farmers in the islands are harvesting many traditional and tropical fruits, nuts, and horticultural specialties. Among these are avocados, bananas, beans, betel nuts, breadfruits, coconuts, cucumbers, grapefruit, guavas, limes and lemons, mangoes, oranges, papayas, peppers, pineapples, squash, sweetsops, tangerines, tomatoes, and watermelons, and several others. There are also ongoing efforts to develop a market for shrimp and tilapia aquaculture as Ms. Bordallo mentioned.

Overall, our farmers are increasingly focused on food safety and in advancing the competitiveness of their products and access into the local and federal marketplace on our islands. In the Marianas, our farmers are working to gain a stronger foothold in supplying the school lunch and breakfast programs, the commissaries and exchanges, and the fleet of Naval and military prepositioned vessels that make port calls on Guam and in Saipan. There are also local farmers markets and the hotels and restaurants to supply that are the foundation of our tourism industry. In this regard, strengthening the extension component of our land grant institutions is critical.

While our institutions have only been a part of the land grant college system since 1972, they must compete with larger, more resourced 1862 institutions in competing for limited national programs. The farm bill authorized programs for which we have requested appropriations and that are targeted to the territorial or insular institutions are meant to provide a means by which our unique needs can be addressed. They are designed to be competitive, and are structured as similar support mechanisms that are already provided to the 1890 Historically Black Colleges and Universities, the Hispanic-Serving

Institutions, and the 1994 Tribal Colleges. Our institutions in the territories have similar needs, particularly with respect to facilities and equipment. Our laboratories are in disrepair and the equipment being used by professors and students is outdated. Each of our institutions have identified a top priority infrastructure need if the facilities and equipment program were to receive appropriations, as we have requested, in fiscal year 2010.

The Northern Marianas College has identified a need of $850,000 to upgrade its aquaculture research and demonstration facility and community kitchen. Plans for this facility are to host production methods for tilapia, grouper and abalone, and its current operations are limited. American Samoa Community College is in need of $700,000 to support its $1.8 million construction of a planned nutrition, exercise and community wellness research center, and the University of the Virgin Islands is in need of replacing its farm equipment at its experiment research stations. The University of Puerto Rico at Mayaguez is in need of at least $950,000 to rebuild its classroom facility which was constructed in 1952.

Maintaining equipment and constructing facilities in the islands is especially expensive due to the cost of shipping materials and accounting for climate considerations. Materials can corrode more quickly and easily under harsh conditions and the seawater oxidization processes. Building codes are also stringent to withstand earthquakes and typhoons.

It is for these reasons that we hope this Subcommittee will act favorably upon our requests and not include include and increase an appropriation this year for the resident instruction grants program, but also commit seed money, if not at the fully authorized level of $8 million, at some amount to begin the facilities and equipment grants program. We know the 1890 and 1994 communities have specific programs to address their infrastructure and equipment needs. These programs are working successfully for those sets of institutions, however, we hope the disproportionate levels of funding historically received by the institutions in the territories could begin to be addressed through appropriations to the three programs we have addressed in our testimonies today.

We recognize you have a challenging process to manage, and we are grateful for your time and attention. Thank you for your consideration of our requests.

GREGORIO SABLAN
NORTHERN MARIANA ISLANDS

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Congress of the United States
House of Representatives
Washington, DC 20515

April 22, 2009

Subcommittee on Agriculture and Rural Development

Since 1993—almost 16 years—the Natural Resources Conservation Services has been working on the Kagman Watershed Project on the island of Saipan in the Northern Mariana Islands.

The watershed project is authorized for Federal assistance under the Watershed Protection and Flood Prevention Act (P.L. 83-566) and is administered by the NRCS under an agreement signed on November 4, 1993.

The purpose of the project is to reduce flooding of agricultural land and public roads by collecting run-off from the mountainside above the Kagman peninsula. The water is to be collected in a reservoir and then distributed to farmers on the peninsula for irrigation. The 3,750 acre Kagman peninsula has what has been described by the U.S. Department of Agriculture as the richest agriculture soils in the Marianas, reaching to a depth of 16 feet.

The area is intensively farmed for vegetables. When completed, the project will increase Saipan's production of these crops, which are otherwise imported, control flooding of agricultural lands, lessen agricultural demands for water from ground aquifers, and decrease flooding on main roads.

But the project has dragged on for years, moving by fits and starts as funds are available. It's time to finish what the federal government began in 1993.

The money I am requesting will allow the project to move forward with construction of a 70 million gallon reservoir, a sediment basin, pumps, and transfer pipelines—finally getting water to the farmers who need it.

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Ms. DELAURO. I just have a quick question. The $2.3 million, will that complete the watershed project?

Mr. SABLAN. No.

Ms. DELAURO. What is your sense of—what will this get you, in terms of this project, in making this area valuable?

Mr. SABLAN. This will be the waterway phase. There are other things: the reservoir and sediment basin for another $2.8 million, and $900,000 for the pump and transfer pipeline.

One of the advantage, also, we need to do this, is that some of the soil is eroding into the ocean, and it is causing problems in the corals.

Ms. DELAURO. Right. It is a viable agricultural production now, and so we want to try to increase and enhance its ability to do this, rather than dealing with shipping from California.

Mr. SABLAN. Very much so. It would increase production.

Ms. DELAURO. What do you grow? What is growing?

Mr. SABLAN. Everything from tapioca to sweet potato, leafy vegetables. We don't have very good carrots. Some of our produce are local. I mean, and jicama, you know, melons, cucumbers, you know, all the good stuff that I don't really eat as often as I should, but the good stuff. And right now they are imported. Bananas are grown, but many people have their own bananas, but they are grown there. But many people have bananas in their backyard. I think I am the only one who doesn't grow bananas, but I have neighbors and relatives I can ask them for it. But, really, all the stuff that are needed are sold at the market.

Mr. Bob Jones just took over this one market on Saipan. He opened it last Thursday, and I was invited to it. And almost half the store are reserved for fresh produce because Mr. Jones doesn't want to import produce from the States. And he took out several farmers. Mr. Tony Pellegrino, who is now getting the farmers together—there is a farmers cooperation, association. He is getting them together. He is doing the set-up for when the military comes into Guam. He is starting already. But he is going to do it on a larger scale, where he is going to collect all this produce and bring them to the military, the commissaries on Guam.

And so we are looking forward to all these things. It not just encourages production, but not just for our own—I prefer that it be encouraged for our own food right now so that we don't need—but it also has an opportunity for helping out with the military buildup in Guam.

Ms. DELAURO. Just for my own information, to help my colleagues, there are 14 islands?

Mr. SABLAN. Yes, there are. There are two active volcanos. The other one just erupted last week again. But there are 14 islands that stretches about the length of California almost. The last island is very close to Iwo Jima. Some of these islands are preserved, so no one is allowed on them unless you are a scientist.

Ms. DELAURO. Is it preserved for marine life?

Mr. SABLAN. It is preserved for nature, just preserved.

The islands, there are actually seven islands that are inhabitable, except that it just gets costly, so people move down. There are no infrastructures. At one time, there were a lot of people staying up there for copper production, but the price of copper came down,

so people moved back down to the districts. The schools are there; they want their children to finally have education and all these things.

But just imagine, going from Guam—you have an idea where Guam is? The islands stretch out, and the furthest north island, which is also a preserve and is now part of this national monument that the President just declared, is very close to Iwo Jima. And great islands, beautiful islands. Some of them have dolphins. I used to scuba dive, and have dolphins, some of them. Beautiful, beautiful islands.

Ms. DELAURO. As Mrs. Bordallo said, there are three that are habitable?

Mr. SABLAN. Three have major populations. The other islands do have, but they are not large. And, really, I think all of us should go out one of these days.

Mr. LATHAM. I think we should do a CODEL.

Ms. DELAURO. I like it. I like it.

Mr. SABLAN. I knew you guys were my best friends today.

Ms. DELAURO. I am sorry, as I say, because I will be honest with you, I don't know much.

Mr. SABLAN. It is really far from Connecticut.

Ms. DELAURO. How about Iowa? I bet it is different than Iowa and Louisiana, as well.

Mr. LATHAM. It is just like Iowa.

Mr. SABLAN. But we really have needs. Our government is struggling. We depend on tourism, basically, now.

Ms. DELAURO. Is that what it is? It is tourism?

Mr. SABLAN. Yes. And the drop of the won, Korean won, they are just not coming. Japan has their own financial difficulties; they are just not coming. Tourists from the United States, you know, it is so far away. We get a few tourists. We are getting Russians, and they are really excellent tourists because they spend a lot of money. But that may stop on November——

Ms. DELAURO. But is it mostly agriculture?

Mr. SABLAN. No, it is mostly tourism. There is fishing, but most fishing is just subsistence for now.

Ms. DELAURO. Okay. Thank you. I don't have any more questions. Thank you very, very much.

Mr. LATHAM. Why would the tourism stop on November 28th?

Mr. SABLAN. Well, the Russian tourists, because under the new visa waiver program—the federalized immigration system starts on November 28th, unless we get Homeland Security to see where we are coming from. But we are hopeful.

Mr. LATHAM. Thank you.

Ms. DELAURO. Thank you very, very much. Thank you for coming by. Appreciate it.

Mr. SABLAN. Thank you for having me.

Ms. DELAURO. I am going to ask Congressman Hall to join us. Congressman John Hall is in his second term and represents New York's 19th District, serves on the Transportation and Infrastructure Committee, Veterans' Affairs, the Select Committee on Independence and Global Warming.

Welcome to you, Congressman Hall. And obviously your entire statement will be in the record, and you can summarize or you can as you choose.

WEDNESDAY, APRIL 22, 2009.

NEW YORK PROJECTS

WITNESS

HON. JOHN HALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. HALL. Thank you, Chairwoman DeLauro, Ranking Member Latham, Representative Alexander, for inviting me to appear before you today. And I would be happy to arrange a CODEL to Orange County, New York, the home of West Point as well as the Black Dirt region, where the soil is so dark and rich that it is darker than the top of this table.

One of the requests that I have submitted to your committee is about the Black Dirt region, which has acres upon acres of this extremely fertile muck soil, used to produce onions, potatoes, and other specialty crops. In July of 1997, a severe hailstorm struck 2,500 acres of onion fields in the Black Dirt region. Scores of onion leaves were damaged, allowing water and bacteria to seep deep into the heart of the plants.

Farmers in my district asked the USDA for permission to destroy their crops but were told that, under existing crop insurance policies, it would only be considered a sound farming process to care for the crop and bring it to harvest. Orange County's onion growers were forced to finance multiple pesticide applications and weeding, harvest preparation, grading and packaging for crops that wound up to be unmarketable.

The USDA reversed their policy in late September of 1996 and then gave the onion growers permission to destroy the onions in the field, which would have allowed them to replant during the same season. At that point, however, the vast majority of our farmers had already completed the harvest, spent large amounts of capital caring for rotten crops. And, as a result, growers in the region were forced to seek funding through large USDA loans to survive.

In order to provide assistance to these already financially strained farms who seem to undergo either a drought or a flood every year or every other year, I am asking the subcommittee to include language in the fiscal year 2010 Agriculture Appropriations bill to encourage the USDA to forgive the remaining balance of the loans issued between September of 1996 and July of 1997 to farmers in the Black Dirt region.

These farmers should not have to pay for USDA's mistake, which forced them to take out these loans more than a decade ago. By forgiving the loans, the USDA would remedy a previous injustice while providing desperately needed financial assistance to growers in the region.

My district is also home to dozens of lakes, many of which are in critical condition. I submitted a request for a lake aeration project for the Village of Greenwood Lake, which has been classified as a critical water body due to the large amount of phos-

phorous entering the lake, creating damaging algae blooms and weed growth, leading to toxic gasses and eutrophication of the water.

I have requested $177,000 for the Village of Greenwood Lake to use an inversion oxygenation system to remove toxic gasses from the water, increase water quality, improve fish growth, reduce algae and weeds, and eliminate odors. And I appreciate your consideration of this project, which would be beneficial both to the environment and the residents of the community.

Lake Oscawana is a natural two-mile lake in Putnam County, New York, whose water quality has been declining for the past 40 years. New York State DEC recently concluded that remedial measures need to be taken without delay. And we have submitted a request to your subcommittee for a million dollars for the Lake Oscawana Management and Restoration Plan, calling for binding the existing phosphate in the lake and preventing phosphate from entering the lake by constructing storm catch basins and storm drains to capture the phosphate from storm runoff. Without this funding, the lake will die.

I have also submitted a request for the Hudson Valley Agricultural Viability Program, which is run by the Hudson Valley Agribusiness Development Corporation. This program fosters economic development in the Hudson Valley's agricultural industry by using methods like gap financing, business assistance for agricultural start-ups and expansions, and different networking opportunities for farmers and other agricultural entrepreneurs in the Hudson Valley. I encourage you to provide funding for this valuable program.

I thank the committee for granting me this time to speak today and for your consideration of these important projects in New York's 19th District. And I look forward to working with you in the coming months on this legislation. And I would be happy to answer any questions.

[The information follows:]

Statement of Congressman John Hall Before the U.S. House Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
April 22, 2009

Thank you to Chairwoman DeLauro, Ranking Member Kingston, and the rest of the subcommittee for allowing me to appear before you today. I appreciate your consideration of the projects that are important to my district. I wanted to bring your attention to a few of the requests that I have submitted to you.

I represent the Black Dirt region of Orange County, New York which contains acres upon acres of fertile muck soil, which is used to produce onions, potatoes and other specialty crops. In July of 1996, a hail storm struck twenty-five-hundred acres of onion fields in the Black Dirt region. Scores of onion leaves were damaged, allowing water and bacteria to seep into the heart of the plants. Farmers in my district asked USDA for permission to destroy crops, but were told that under existing crop insurance policies it would be considered a sound farming process to care for the onion crop and bring it to harvest. Orange County's onion growers were forced to finance multiple pesticide applications, hand weeding, harvest preparation, grading, and packaging for crops that were eventually unmarketable.

The USDA reversed their policy in late September of 1996 and gave the onion growers permission to destroy the onions in the field. At that point, however, the vast majority of farmers had already completed the harvest and had spent large amounts of capital to care for the rotten crops. As a result, growers in the region were forced to seek funding through large USDA loans to survive.

In order to provide assistance to these already financially-strained farms, I am asking the subcommittee to include language in the fiscal year 2010 Agriculture Appropriations bill to encourage the USDA to forgive the remaining balance of the loans issued between September of 1996 and July of 1997 to farmers in the Black Dirt Region. These farmers shouldn't have to pay for the USDA's mistake which forced them to take out these loans more than a decade ago. By forgiving the loans, the USDA would remedy a previous injustice while providing desperately needed financial assistance to growers in the region.

My district is also home to dozens of lakes, many of which are in critical condition. I submitted a request for a Lake Aeration project for the Village of Greenwood Lake. Greenwood Lake has been classified as a critical waterbody due to the large amount of phosphorous entering the lake. The phosphorous has created damaging algae blooms and weed growth, which has lead to toxic gases in the water. I've requested one hundred seventy seven thousand dollars for the Village of Greenwood Lake to use an inversion oxygenation system to remove the toxic gases from the water to increase water quality, improve fish growth, reduce algae and weeds, and eliminate odors. I would appreciate your consideration of this project, as it will be beneficial to both the environment and to the residents of the community.

I also represent Lake Oscawana, a natural two-mile lake in Putnam County, New York. Lake Oscawana's water quality has been declining for the past forty years, and the New York State Department of Environmental Conservation recently concluded that remedial measures need to be taken without delay. I have submitted a request to your subcommittee for one million dollars for the Lake Oscawana Management and Restoration Plan. The plan calls for binding the existing phosphate in the lake and preventing phosphate from entering the lake by constructing storm-catch basins and storm drains to capture phosphate from storm runoff. Without this federal funding, the lake will die. I hope you to consider providing full funding to this project to protect both the lake and the communities around it.

I have also submitted a request for the Hudson Valley Agricultural Viability Program, which is run by the Hudson Valley Agribusiness Development Corporation. The program fosters economic development in the Hudson Valley's agricultural industry by using methods like gap financing, business assistance for agricultural start-ups and expansions, and different networking opportunities for farmers and other agricultural entrepreneurs in the Hudson Valley. I encourage you to provide funding for this valuable program.

I thank the Committee for granting me the time to speak today, and for your consideration of these important projects in New York's 19th district. I look forward to working with you in the upcoming months on this legislation.

Ms. DELAURO. Thank you very much, Mr. Hall.

Mr. Latham, do you have questions?

Mr. LATHAM. I just have one question. The onion farmers, were they paid insurance losses?

Mr. HALL. The onion farmers I don't believe were paid. I don't think so. I think what they did was they tried to do what they were told was the correct procedure with the crop, which would not have required insurance because they were harvesting. And then when it turned out that it was unmarketable, they were given permission to destroy it. But the reason that they had to take out the loans was because they had not received disaster aid.

I can get more information on that.

Mr. LATHAM. Yes, if you would. I mean, I understand the situation, but if they were paid with——

Mr. HALL. I will find out with certainty for you. That is a good question.

Mr. LATHAM. What is the request then, also, on the Hudson Valley Agricultural—is there a number?

Ms. DELAURO. I think it is $1.5 million.

Mr. LATHAM. 1.5.

Mr. HALL. Thank you, Chairman.

Mr. LATHAM. Okay. That is all. Thank you.

Mr. HALL. These are among the small businesses in the Hudson Valley that not only provide—usually, when things work out well, they provide a healthier environment. Orange County was, before the economic downturn we are experiencing, was the fastest growing county in New York State. And, by farming, not only do these businesses and these farmers provide us with food that is grown close to us, which is fresher when it gets to market and which prevents us from having to eat food that is dependent upon a long interstate highway system or rail system and, therefore, could be interrupted, the supply could be interrupted for some of these crops if we were not able to get produce from the West Coast or from the Midwest, but it also prevents overdevelopment.

And the overdevelopment pressure coming up, population moving up from New York, was immense until the real estate downturn. And, once the situation turns around, which sooner or later I expect it will, we will once again see farms being cut up and divided into small plots with houses on them, making farming actually a viable way for people to survive and feed their families in all of our interests, as well.

Ms. DELAURO. Mr. Alexander.

Mr. ALEXANDER. No, ma'am.

Ms. DELAURO. Let me just—it was interesting, this morning I met with some small farmers from Oklahoma and other parts of the country, the Midwest. And they wanted me to be sure that this committee would be concerned about commercial farming in the Midwest, et cetera, and that folks in Connecticut and New York would understand what farmers' lives were about. And I said, "Well, you know, we do, in fact, have farms in Connecticut and in New York, with some of the same kinds of difficulties and problems that you have, as well, in terms of disasters," et cetera, et cetera. So it is just an interesting juxtaposition here for me this morning, and the reality about what happens in some of these areas.

I, too, like my colleague Mr. Latham, we need to find out if there was an insurance payment on that.

Mr. HALL. We will.

Ms. DELAURO. How many onion growers were affected?

Mr. HALL. I think it is in the range of a dozen. And, once again, I will get the exact number for you.

But they are a group of small farmers who are always, it seems, on the verge of either giving up or being successful or perhaps planting just a holding crop, like grass, to keep the erosion, if we have a flood. We have had three 50-year floods in the last 6 years. You know, it is between the Delaware and the Hudson River Valley. And the Wallkill and the Minisink Rivers run through it, and extreme rain events cause them to lose soil. So sometimes they plant holding crops onto sides of the irrigation ditches in fallow areas. But there are living on the edge.

Ms. DELAURO. On the edge, sure.

But, also, if you can, explain to us how come this is occurring now? I mean, this happened 1996, 1997.

Mr. HALL. Because I am here now. I wasn't, obviously, in Congress when this hail storm occurred. And I have learned from meeting with them and talking to them that they are still trying to pay off loans from 1996 and 1997.

Ms. DELAURO. Do you know what the average loan amount was for folks through FSA?

Mr. HALL. No. I will find that out for you.

Ms. DELAURO. Okay. We can follow up with your office on that.

So it was a crop insurance policy? Just explain that to me for a second, in terms of the crop insurance. They had to be brought to harvest.

Mr. HALL. My understanding is that, in order to collect crop insurance, the crop would have had to have been destroyed and be declared unmarketable. And so they went through the season harvesting, treating with pesticides, weeding, preparing, and then wound up with a crop which in the final analysis was rotten anyway. So they lost a year and——

Ms. DELAURO. They petitioned the USDA, if you will, for permission to destroy the crop, but they were told under the existing crop insurance policy that sound farming process would be to care for and to try to bring it to harvest, so they got——

Mr. HALL. I think they know their crops and their soil better than USDA does.

Ms. DELAURO. Yeah. Okay. Okay.

Mr. HALL. We will get those details for you.

Ms. DELAURO. Yes, that would be terrific to do that.

Mr. HALL. Thank you for your consideration.

And, of course, many of you know probably from your own districts that water is a big issue, be it drinking water, wastewater, et cetera. And I can't tell you how much I am hearing from my 43 towns and cities I represent. And these lake issues are critical because of the combination of natural phosphorus coming out of the rocks surrounding them, runoff from lawn treatments, sewage treatment plants in municipalities, private septic systems at homes, which used to be sparse and have gotten to be more and

more crammed together. And all of that running into the lakes is causing a problem.

Ms. DELAURO. What are the current uses of the lakes? Is it fishing? Is it recreation?

Mr. HALL. Well, it is fishing and recreation. That is one of the things that keeps the property values around those lakes up and provides tourism and so on.

Ms. DELAURO. In terms of the water quality, what effect has that had on the surrounding communities?

Mr. HALL. It reduces the oxygen content, kills off the fish, causes algae and——

Ms. DELAURO. Is it commercial fishing that is done there?

Mr. HALL. It is recreational fishing, but that is obviously a big tourism attraction.

Ms. DELAURO. Sure. Well, as somebody who comes from the area of the Long Island Sound, you know, with fishing and recreation, that is a combination.

I have just a couple questions on the Hudson Valley, the Agricultural Viability Program. Are you making the request for funds through the rural development programs? "Yes" is the answer to that question.

Mr. HALL. Yes.

Ms. DELAURO. And if you could just give us a little bit of a handle on how the program would work, to look at economic growth and jobs, et cetera, in your view.

Mr. HALL. Well, it is a combination of trying to educate farmers about improved or new practices, other possible crops that could be grown, and setting up meetings with them and trying to get marketing opportunities they don't have.

It is ironic that we grow some of the best onions in the world. In fact, if you haven't had an Orange County onion, you haven't lived. But you can go to Wal-Marts or Hannafords or Stop & Shop or any of the big supermarket chains, and you can't find them. And I am trying to help, we are trying to help, and the State is trying to help them get our local crops into our local supermarkets, not just into the farmers' markets. I mean, those of us who know to go on a Saturday or Sunday to the farmers' markets can get real tomatoes and really good onions and so on and so forth. But, unfortunately, it is the buyers for the big stores who move a large amount of product.

So those are the kinds of things that we are trying to do and that the program would enhance.

Ms. DELAURO. Thank you very, very much. And, again, we will continue to work with you and with your staff on these.

Mr. HALL. Thank you very much.

Ms. DELAURO. Thank you.

I see Congressman Putnam.

Mr. PUTNAM. I need to get you all some orange juice for the witness table.

Ms. DELAURO. Thank you. Thanks for coming by.

And Congressman Putnam is in his fifth term. He represents Florida's 12th District, and he serves on the Financial Services Committee.

And you know the drill, Congressman. You are welcome to summarize your statement. Obviously, the full statement will be read into the record.

WEDNESDAY, APRIL 22, 2009.

"CITRUS GREENING" DISEASE

WITNESS

HON. ADAM PUTNAM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. PUTNAM. Thank you, Madam Chairman. And thank you for the opportunity to be here. Mr. Latham, Mr. Alexander. Thank you for giving all Members the opportunity to come before you.

Under the rules of the House and rules of your committee, what I am here to discuss is technically an earmark, but it is an earmark that impacts Florida, Alabama, Louisiana, Texas, Arizona, and California. And at least 27 Members of Congress have signed on to the request, but it is a large request. And I think it bears public scrutiny and this committee's attention and review.

And it is to continue funding—this is not a new request, but it is an expansion of an existing program—the Citrus Health Response Plan, CHRP, which is a cooperative arrangement between the States that I mentioned, between the State Departments of Agriculture, but primarily funded by the USDA, to deal with what has been called by the New York Times and USA Today, as well as people who actually know what they are talking about, "the world's most destructive citrus disease," which is in Asia known as Huanglongbing and in the United States known as citrus greening. And there is no known cure. And we are a long way toward developing the appropriate treatment, containment, psyllid control and other things.

And there are really two pieces to this problem. One is the disease itself, and the second is the vector of the disease, which is a psyllid, a bug. And so, research thus far that you have supported and you have funded has determined thus far that the best way to control the disease is to control the psyllid. That seems to be the easiest thing to get our arms around. And so research continues in that vein.

In California they have the bug; they don't have the disease. In Florida we have both, and it has been devastating. We have seen infection rates where a citrus grove may have a 5 percent infection rate when they discover the greening presence in that particular citrus grove, and within 12 months it is 40 percent. It has an extraordinary spread. The range of the bug is as yet undefined, but it is a long range that that bug can fly in any particular day. And everywhere that it goes, it feeds on new, young fleshing growth.

So, in addition to it exacerbating the spread and accelerating the spread, even without accounting for human movement of plant material, it also has further curtailed the growth or the sustainment of the existing acreage of the industry, because people refuse to plant new trees because that essentially baits in the bug that spreads the disease. Older, more mature trees that have tougher, less tasty leaves are less vulnerable to the disease. So when people

pull out the tree, they don't replant because that is essentially adding back to the problem. So you are seeing a steady decline in acreage, steady decline in trees. Long term, this is a huge problem for the citrus industries in all citrus-producing areas of the country.

So those are the points that I wanted to be sure and get across.

The other point I want to be sure and get across is grower involvement. In Florida, we fund through a box tax an actual agency of the government; there is a Florida Department of Citrus. And the growers tax themselves primarily for marketing, so that you can see a TV commercial that says, "Buy Florida orange juice. Paid for by the Florida Citrus Growers."

They have transferred, on their own, $20 million of grower-funded monies into this research effort. So there is real skin in the game, not in-kind donations, not counting growers riding around in trucks as labor costs that is a matching account for the Federal Government. They have put $20 million in real dollars into an account to do the research.

And to make sure that it is managed properly, they have asked the National Academy of Sciences to identify how to spend that money. So it is not just a bunch of growers sitting around a table saying, well, I think the answer is this, or I think the answer is that. They are bringing in real experts, a blue ribbon panel from the National Academy to monitor and regulate and direct this grower investment.

So I believe that it is—when you look at the standards for why would I ask someone from Connecticut to pay for this, this is not limited to any one congressional district; it is not even limited to any one particular State. There is a tremendous economic impact to all of the States who are citrus-producing States. It is a $12 billion industry in Florida alone. We certainly want to make sure that we contain it and treat it in Florida and prevent its spread into Louisiana, Texas, Arizona, and California.

And so I believe that there is a compelling national interest for the United States Department of Agriculture to dramatically expand their commitment to research on new varieties that are more resistant to the disease, ways to control or eradicate the disease, and ways to control or eradicate the psyllid that transmits the disease.

So that, in sum, Madam Chairman, is the purpose of our request for a significant expansion of your current funding for the CHRP program.

[The information follows:]

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Congress of the United States
House of Representatives

Testimony
of
Congressman Adam H. Putnam

United States House of Representatives
Committee on Appropriations
Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

April 22, 2009

Chairwoman DeLauro and Ranking Member Kingston, and members of the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, thank you for the opportunity to testify on a critically important issue that is affecting citrus producers from the sunshine state of Florida through Alabama and Louisiana's Gulf Coast to the Rio Grande Valley of Texas to Arizona all way to California. The issue of great concern is a destructive new disease from Asia called Huanglongbing (HLB) also known as "Citrus Greening" disease.

I am speaking not only for myself today, but on behalf of the 27 Members of Congress from throughout the nation who submitted a letter of request to the Subcommittee for this vital initiative.

HLB is one of the most serious citrus diseases in the world. It is a bacterial disease that greatly reduces crop yields and can kill trees within two years. HLB has severely affected citrus production in Asia, Africa, the Arabian Peninsula and Brazil. The disease specifically attacks citrus plants and presents no threat to humans or animals. HLB is spread by the Asian citrus psyllid (ACP), which was first reported in Florida in 1998.

ACP and HLB represent a significant threat to the $12.2 billion U.S. citrus industry. HLB is an extremely dangerous disease because, when spread by the ACP vector, it attacks both the citrus fruit and citrus trees. Once introduced, the disease spreads at an alarming rate, and as the U.S. and other countries have learned, HLB eradication is not possible once the disease has become established because there is currently no effective treatment.

HLB was first detected in Florida in August, 2005 when the disease symptoms were observed in Miami-Dade County on residential citrus. Experts believe it probably entered Florida through an international port in South Florida. Currently, all 32 counties containing commercial citrus production in Florida are infested with HLB. Projections are for the continued spread of HLB throughout the state and other citrus-producing regions of the nation - barring implementation of expanded preventive and containment measures.

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The ACP vector was detected in San Diego and Imperial Counties in California last year, and in 56 Texas counties, as well as most States along the Gulf coast, and all the citrus-producing regions of Mexico have identified the psyllid. **Experts predict that if a solution is not found for this disease in the next five years, a worldwide shortage of citrus, both fresh and processed, will be forthcoming.**

The economic consequences of not aggressively addressing ACP and HLB are enormous. The citrus industry in California supports $3 billion in total economic value, and directly or indirectly supports 26,000 jobs. Should ACP be introduced into more commercial production areas, the initial control costs would exceed $350 million in California. In a worst-case scenario, for every 10,000 acres of citrus lost, 2,200 jobs would be lost and nearly $8.8 million in state tax revenue would vanish. In Florida, ACP and HLB threaten the state's $9 billion industry and 76,000 jobs statewide.

Due to the rapidly-spreading nature of the pest and disease and the enormous potential economic impacts, it is important for the Federal government to actively support a coordinated plan to detect, control and suppress the ACP vector and the HLB disease. To support these efforts Members of the Florida, California and Texas Delegations have requested an additional $64 million -- on top of the currently projected $40 million -- for a total of $104 million for APHIS's Citrus Health Response Program. This programmatic request will assist citrus-producing states with their pest control and suppression activities, and provide enhanced control mitigation, detection and surveillance tools, and research.

We recognize that the request represents a sizeable increase over previous USDA budgets, but the threat from this pest and disease has dramatically intensified and we must do all we can to prevent it from further damaging the U.S. citrus industry.

Currently growers are fighting HLB by suppressing the psyllid through spraying programs or removing infected trees. Right now this is the only strategy to slow the onset and spread of ACP and HLB. There is serious concern throughout industry that the current spraying programs will negatively affect the biology of citrus groves in regards to beneficial organisms. Consequently, the suppression techniques are believed to be a stopgap measure.

Growers are worried. A grove with a 5 percent infection rate can go from 20 percent to 40 percent to 80 percent over a four year period. Evans Properties, one of the largest citrus producers in Florida, experienced the destruction HLB can cause firsthand. The company lost 40,000 trees in one year to the disease. This scenario is expected to play out over and over again if the current research does not have a breakthrough soon.

The Florida citrus industry has made a significant financial commitment of $20 million grower dollars to research additional ways to stop, or cure, the disease. Under the guidance of the National Academy of Sciences, more than 100 research projects are currently underway through this grower-funded research program, creating a Manhattan Project-like effort within the citrus research community. Unfortunately there is limited basic research on the HLB bacterium and the Asian citrus psyllid so scientists are effectively starting from Square One.

The current research's objectives are as follows:

- Understand the biology, ecology and spread of the insect vector and the pathogen
- Characterize the infection process in citrus plants and the dynamics of tree-to-tree spread
- Evaluate currently available tools for suppressing the insect, as well as diagnostics of the disease under field conditions
- Develop tools to enhance research and to seek intermediate- and long-term solutions
    - Culture the organism
    - Obtain the genomic sequence of the pathogen to allow for genetic studies
    - Improve on detection methods that currently only are able to confirm disease once symptoms are present
    - Explore genetic manipulation of the citrus plant to confer resistance or tolerance to the disease
- Evaluate and transfer integrated approaches to slowing disease spread and its impacts until genetic solutions and longer-term solutions can be delivered
- Open communication of research progress and deployable strategies to growers and the scientific community. Extension is actively leading this effort in concert with industry

The introduction and spread of HLB is having a significantly negative impact, particularly on the Florida citrus industry. Additional measures to scout for the disease and insect vector are increasing operational budgets at a time when fruit prices are declining and input costs are at all-time highs. In addition, the cost of enhanced insect control, tree removal and better nutrient management have gone up. Plus the loss of infected trees from productive groves and, in some cases, removal of entire groves due to disease are devastating small and large citrus businesses. The added HLB costs alone have increased grove operations on average about 50%, from $1,000 per acre per year to nearly $1,500 per year.

There is no doubt this disease has the ability to wipeout the Florida citrus industry – and greatly impact other citrus growing regions of the country, including California and Texas, if it is allowed to spread without resistance. Giving any timeframes is difficult because of the uncertainty of scientific breakthroughs and the difficulty in combating the disease. However, make no mistake – HLB has the capacity to destroy citrus groves within months or a few short years, and permanently affect our nation's citrus production as we know it.

Therefore, there is a great need for a coordinated, multi-agency national effort to defeat ACP and HLB by USDA, in coordination with state agencies and in partnership with the citrus industry. The Citrus Health Response Program administered by APHIS is the appropriate vehicle to help stop the spread of the ACP and HLB, through enhanced control, mitigation, detection and surveillance efforts. In addition, continued robust research is needed to provide both long and short-term strategies to solve the threat posed by ACP and HLB.

Thank you again for the opportunity to testify before this Subcommittee, and I would be glad to answer any questions you may have.

Asian Citrus Psyllid/ Huanglongbing Citrus Disease Survey and Response Plan, Budget Year 2010[1]

Program Components		Annual Expenditures							Notes
		CA	AZ	TX	Other States	FL	Northern MX	TOTALS	
Major Categories	Elements								
Citrus Nursery Cleanliness	Citrus Nursery Clean Stock Pgm	$3.6	$0.4	$1.1	$0.0	$3.8	$0.0	$8.9	Inspection of mother trees to ensure stock is disease free
Quarantine	Interstate inspections	$2.4	$0.2	$0.5	$0.0	$0.0	$0.0	$3.1	Border stations, FedX, dog team inspection for illegal plant material
	Enforcement	$1.2	$0.0	$0.5	$0.0	$1.3	$0.0	$3.0	Inspection of nurseries in quarantine areas, make sure they are treated
Survey	Statewide/Area-wide survey	$4.8	$0.5	$1.8	$0.0	$0.0	$0.3	$7.4	Low density surveys over entire state to find ACP and HLB
	Additional targeted surveys	$0.8	$0.3	$0.0	$0.0	$0.0	$0.1	$1.2	Targeted, higher density surveys in residential or commercial areas to find
	Statewide survey/psyllid population assesment/abandoned groves	$0.0	$0.0	$0.5	$0.0	$6.8	$0.0	$7.3	
	Packinghouse inspections, multiple pest surveys	$0.0	$0.0	$0.0	$0.0	$15.0	$0.0	$15.0	
Rapid Response									
	Delimitation survey	$4.8	$2.1	$1.5	$0.0	$0.0	$0.0	$8.4	Intensive surveys in 9 sq. mile radius of ACP/HLb detection sites to determine
	Area-wide ACP control	$3.0	$0.8	$2.5	$0.0	$5.0	$2.2	$13.5	Pesticide applications and monitoring
	Tree removal	$1.2	$0.4	$0.1	$0.0	$5.0	$0.0	$6.7	Removal of trees when HLB is detected, tree grinding, approved disposal
	Quarantine enforcement	$1.2	$0.0	$0.0	$0.0	$0.0	$0.0	$1.2	Enforcement of quarantine, ensure no plant movement and proper treatment
	Public outreach	$0.6	$0.2	$0.4	$0.0	$1.0	$0.0	$2.2	Information descemination to public regarding the threat, advice for treatment
Long Term Response	Biological control implementation	$0.5	$0.1	$1.0	$0.0	$0.0	$0.0	$1.6	Investigation and implementation of biological controls
Environmental Compliance	Environmental Impact Report	$1.4	$0.2	$0.2	$0.2	$2.0	$0.0	$4.0	NEPA, CEQA in California, Env compliance in other states
	New product envirhealth risk analysis	$0.6	$0.1	$0.0	$0.0	$2.0	$0.0	$2.7	
	Environmental monitoring	$0.4	$0.1	$0.0	$0.0	$1.0	$0.0	$1.5	Monitoring for compliance
Other Operational Needs and Technical Development									
	Bactenacides for HLB	$0.0	$0.1	$0.0	$0.0	$0.0	$0.0	$0.1	Finding methods to control HLB
	Tree inoculation capability	$0.0	$0.0	$0.0	$0.0	$1.2	$0.0	$1.2	High pressure systems to inject bacterial control materials
	Improved diagnostic methods	$0.4	$0.2	$0.0	$0.0	$1.3	$0.1	$2.0	Finding improved methods to detect ACP and HLB
	More effective insecticides for ACP	$0.4	$0.2	$2.0	$0.0	$2.0	$0.0	$4.6	
	Disease resistant varieties	$0.0	$0.0	$1.0	$0.0	$0.0	$0.0	$1.0	
	Improved traps for ACP	$0.4	$0.1	$0.3	$0.0	$0.0	$0.0	$0.8	Current traps are unreliable
	Development of Biological Control	$0.6	$0.0	$0.5	$0.0	$0.0	$0.0	$1.1	
	Best Mgt Plan for Nurseries	$0.0	$0.0	$0.2	$0.0	$0.0	$0.0	$0.2	Best practices from seed to tree to avoid disease
Diagnostics	Operations	$1.2	$0.2	$0.4	$0.0	$0.1	$0.0	$1.9	Personnel, space, equipment, supplies to manage detection operations
	Mexico								
Infrastructure	Increased diagnostics capacity	$2.5	$0.3	$1.0	$0.0	$0.0	$0.0	$3.8	
TOTALS		$31.9	$6.5	$15.5	$0.2	$47.5	$2.7	$104.3	

1 This plan represents the citrus industry's operational needs A parallel plan is being developed that will represent the citrus industry's national research needs

Congress of the United States
House of Representatives
Washington, DC 20515

April 3, 2009

The Honorable Rosa DeLauro
Chairman
Subcommittee on Agriculture,
Rural Development and Related Agencies
2362A Rayburn House Office Building
Washington, DC 20515

The Honorable Jack Kingston
Ranking Member
Subcommittee on Agriculture,
Rural Development, and Related Agencies
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairwoman DeLauro and Ranking Member Kingston:

We write to request that your Committees provide critically needed funding to the U.S. Department of Agriculture (USDA) to address the extremely serious threat to our nation's citrus industry posed by the infestation of the Asian Citrus Psyllid (ACP). ACP is the vector for the devastating and incurable Huanglongbing (HLB) citrus disease, also known as citrus greening. In order to combat this pest and disease, we request specific funds for USDA's Animal Plant and Health Inspection Service (APHIS) in the Fiscal Year 2010 Agriculture Appropriations bill.

ACP and HLB represent a serious threat to the $12.2 billion U.S. citrus industry. HLB is an extremely dangerous disease because, when spread by the ACP vector, it attacks both the citrus fruit and citrus trees. Once introduced, the disease spreads at an alarming rate, and as the U.S. and other countries have learned, eradication is not possible once the disease has become established because there is currently no effective treatment.

In just seven years, Florida saw the disease spread to virtually all of its citrus-producing counties. The ACP vector was detected in San Diego and Imperial Counties in California last year, and 56 Texas counties, most Gulf States, and all the citrus-producing regions of Mexico have identified the psyllid. Experts predict that if a solution is not found for this disease in the next five years, a worldwide shortage of citrus, both fresh and processed, will be forthcoming.

The economic consequences of not aggressively addressing ACP and HLB are enormous. The citrus industry in California supports $3 billion in total economic value, and directly or indirectly supports 26,000 jobs. Should ACP be introduced into more commercial production areas, the initial control costs would exceed $350 million in California. In a worst-case scenario, for every 10,000 acres of citrus lost, 2,200 jobs would be lost and nearly $8.8 million in state tax revenue would vanish. In Florida, ACP and HLB threaten the state's $9 billion industry and 76,000 jobs statewide.

Due to the rapid-spreading nature of the pest and disease and the enormous potential economic impacts, we believe that it is important for the Federal government to actively support a coordinated plan to control, suppress and potentially eradicate the ACP vector and the HLB disease. To support these efforts, we request an additional $64 million -- above the currently projected $40 million -- for a total of $104 million for APHIS to assist the citrus-producing states with their pest control and suppression activities, and assist suppression and control efforts in Northern Mexico.

We recognize that our request represents a sizeable increase over previous USDA budgets, but the threat from this pest and disease has dramatically intensified and we must do all we can to prevent it from further damaging the U.S. citrus industry. We are also working with USDA as they prepare their FY 2010 budget request for the CHRP program, which is not yet available at the time of this request.

Thank you for your consideration of our request.

Sincerely,

Dennis Cardoza
Member of Congress

Adam H. Putnam
Member of Congress

Elton Gallegly
Member of Congress

Kendrick B. Meek
Member of Congress

Jim Costa
Member of Congress

Thomas J. Rooney
Member of Congress

Ken Calvert
Member of Congress

Kathy Castor
Member of Congress

Lois Capps
Member of Congress

Debbie Wasserman Schultz
Member of Congress

Mary Bono Mack
Member of Congress

Lincoln Diaz-Balart
Member of Congress

Ellen O. Tauscher
Member of Congress

Vern Buchanan
Member of Congress

Brad Sherman
Member of Congress

Mario Diaz-Balart
Member of Congress

Jerry McNerney
Member of Congress

Ron Klein
Member of Congress

Joe Baca
Member of Congress

Bill Posey
Member of Congress

Howard L. Berman
Member of Congress

George Radanovich
Member of Congress

Henry Cuellar
Member of Congress

Rubén Hinojosa
Member of Congress

Solomon P. Ortiz
Member of Congress

Kevin McCarthy
Member of Congress

Alan Grayson
Member of Congress

Ms. DELAURO. Thank you.

Mr. Latham.

Mr. LATHAM. Yeah, is there any particular type of citrus that it affects more than another? Or is it just any—I mean, is it lemons or oranges more so than——

Mr. PUTNAM. As of now, it is pretty indiscriminate. There have been other citrus diseases that were—you know, grapefruit was more vulnerable than Valencias. This appears to be pretty indiscriminate.

Mr. LATHAM. When you call it "greening," what happens to the plant?

Mr. PUTNAM. Well, the telltale sign, when scouting crews are moving through the groves looking for it—and the reason why they call it "Huanglongbing" is that I believe it translates to "dragon disease" or something like that—you will see in the middle of a green tree this unusual sprout up through the middle of it that is a vivid yellow or white off color that just really sticks out like a sore thumb. When you see that, it is already done, you are too late. But it causes a rapid decline of the entire tree.

Previous citrus diseases that you have funded were slow decline; you could continue to harvest citrus for several more years after that. This is a very rapid decline where you are not only losing the fruit, which is 1 year's income, you are losing the tree, which, when replaced, will be 5 years before it is paying its own freight again. So that is the real challenge. There is 100 percent mortality, and it is very rapid.

Mr. LATHAM. Are they doing anything in Asia that we could learn from, do you know, to treat this?

Mr. PUTNAM. Interestingly, there is kind of a—you know, the largest citrus-producing areas in the world, particularly for juice, are Florida and Sao Paulo, Brazil. And then for table fruit you would throw in California. The Asian industries are very small, but the researchers who have been over there actually have come up with an interesting finding, that there is some kind of an oil or an essence or compound in guava. You probably don't have too many guavas in Iowa, but we have them in south Florida, and they are very popular in Latin American cuisine.

And they are actually experimenting with intersetting citrus with guava as kind of a home remedy approach to repelling the psyllid. It doesn't do anything about the disease, but it keeps the disease vector out. And so, since planting guava trees throughout the 800,000 acres of citrus in Florida is unworkable, they are looking for exactly what it is in that guava plant that makes the difference, so that you could convert it to an oil or a compound or a spray material that could be sprayed on to the trees or added in some form of the production strategy and find out what it is that is so offensive to the psyllid.

But they discovered that on a mountainside in Vietnam.

Mr. LATHAM. Really?

Mr. PUTNAM. Yeah.

Mr. LATHAM. Interesting.

Thank you, Madam Chairman.

Ms. DELAURO. Mr. Alexander.

Mr. ALEXANDER. Mr. Putnam, it is obvious, from the numbers that you threw out telling us how much local producers and farmers had already invested into the prevention of this disease, that you were defending your so-called earmark request. And I hate that we have to defend a request that is legitimate, regardless of where it is or what it is for.

So the question is, will USDA, in your opinion, they are not going to try to address this without your request, to the point that you would like it addressed?

Mr. PUTNAM. Well, I don't know that I would characterize it necessarily that way. There is funding in the President's budget request that is more consistent with where this funding has been in the past. The reason for the ask for the expansion of the program is that all of the other citrus—the money that has gone in the past has only gone to Florida, because we are the only ones who have it. The other citrus-producing States have suddenly realized they need to keep it out.

And the only way they are going to keep it out is to have a dramatically expanded program that is detection in their own States, ramping up the research because I think everybody, frankly, believes that it is inevitable that it will spread to those States and they want to be ready for it so that they are not experiencing the kind of losses that Florida has had. So you are seeing a really remarkable partnership between typically competitors coming together to jointly fund research and jointly lobby the Congress to make this a greater national research priority.

We are working with USDA and the other States' departments of agriculture to refine the amount that is being requested, so that we are asking for exactly the right amount of money as opposed to just rounding it off to the nearest million and saying, well, we think this is what it is going to be. They are actively involved in what the precise ask will be when you reach that point in your process. And so that is really the reason why we have ramped it up.

We have always treated this as a Member request because that is how it was sort of born, and so we have maintained that posture. But USDA has worked with the industry and the State departments of agriculture to fund it.

Mr. ALEXANDER. Thank you.

Ms. DELAURO. Just, I think, for some clarity, my understanding is that—and you can help me with going back to when this started—that it has been $40 million annually through APHIS for this program. Does that go back to 2005? So it is about 4 years. So we have done $40 million every year since 2005. And the request now is for $64 million. Is that——

Mr. PUTNAM. It is 100.

Ms. DELAURO. No, I think it is 64.

Mr. PUTNAM. Excuse me, excuse me.

Ms. DELAURO. It is the 40 plus 64, so it is $104 million then for this year.

Mr. PUTNAM. That is correct.

Ms. DELAURO. So it is the 4 years of the 40 and now 104. Is that right?

Mr. PUTNAM. Yes, ma'am.

Ms. DELAURO. What are the additional activities? Help me with this. Because it seems like we have a worthwhile effort here, but we have gone, you know, $160 million and now we want another $104 million. Tell me what we are getting for this, to get at this difficult issue.

Mr. PUTNAM. You are adding 4 more States to the mix. What you have done in the past was substantially limited to the State of Florida. And with California and Texas, in particular, but it is also Louisiana, Arizona, and the other minor citrus-producing States coming onboard, they recognize that they have to take extraordinary measures in their own States to be prepared for what is unfortunately likely to be an inevitable spread of the disease into their citrus-producing region.

Ms. DELAURO. Is it there yet? And I understand prevention. Is it——

Mr. PUTNAM. In California, which is, with all due respect to the other citrus-producing States, the other 800-pound gorilla in terms of citrus, they have the vector, they have the psyllid. They do not yet have the disease.

Ms. DELAURO. Yeah, you said that. Okay.

Mr. PUTNAM. So one of more expensive components to this, which—for example, in the State of Florida to guarantee clean, new plant material—in other words, clean bud wood; clean, new, reset baby trees that go into the ground when old trees are pulled out—the entire citrus nursery industry in the State of Florida has been relocated above the citrus belt, above the frost line, to get them out of all of the production areas. So we essentially rebuilt an entire nursery industry in north Florida well away from commercial citrus as a way of guaranteeing future clean plant material.

That is one of the major lines in this request for the other States. Florida has already bitten the bullet. That is a big expense component.

The survey and detection in the other States is also one of the larger expenditures in the request, as well as the bench work, the lab, just the old-fashioned science, to try to find what the right compound is, what the right chemical is, what the right natural predator is for the psyllid so that we can control this and prevent the eradication of the citrus industry in the United States.

Ms. DELAURO. So the $160 million has been for Florida alone, is that correct? The 4 years, the $40 million for 4 years? That has been for Florida. We now are thinking about California, Texas——

Mr. PUTNAM. Substantially, yes.

Ms. DELAURO. Substantially, it has been for Florida. And now we are talking about an addition of California, Texas, Louisiana, Arizona.

Mr. PUTNAM. Arizona. And I am also told that, in the early years of that CHRP program, it was——

Ms. DELAURO. Iowa—he was looking to see if Iowa was included.

Mr. PUTNAM. Maybe Ames can help us solve this problem.

But in the early years of CHRP, CHRP was born to fight actually citrus canker.

Ms. DELAURO. Well, this is a question I had, as well. And excuse my naivete, because I have sat on this committee long enough. And

I think we did for citrus canker in 2009 $1.2 million. I know there is another request for $4 million this time around.

So is the psyllid related to citrus canker, or is this something else?

Mr. PUTNAM. No. Here is just the nasty history: This committee was funding the citrus canker eradication effort for a number of years——

Ms. DELAURO. Yes. And we continue to do it.

Mr. PUTNAM. And we were even or winning against the disease until 2004. And during 2004, Florida experienced four hurricanes in about 9 weeks. And that citrus disease is spread by wind-driven rain, which we had a fair amount of that particular summer.

And so, the back-to-back seasons of 2004 and 2005 when we had Charley, Ivan, Wilma, Frances, Jeanne, and Katrina all passed through the State in those two summers, USDA, along with the industry, came to the conclusion that we had lost the fight against citrus canker because it was now endemic, at substantially the same time they discovered the presence of the worst citrus disease on the planet, which is greening.

And, frankly, to their credit, instead of acting like a bureaucracy, they were pretty agile and shifted the existing teams that had been funded for canker, the teams that were trained to go into the groves and look for the given disease, they retrained them to look for greening. We essentially shifted what had been the canker-eradication program into what became the greening program, all under this umbrella that is the CHRP, Citrus Health Response Plan.

And so, what was born as the canker program morphed into the greening program, and that is what you have been funding.

Ms. DELAURO. And so the $1.2 million for this year for the 2009, which we just got signed, that money will be used for the greening? Or is that——

Mr. PUTNAM. No, that is additional research on the canker.

Ms. DELAURO. That is research on the citrus canker.

Mr. PUTNAM. Correct.

Ms. DELAURO. But is there still the view on that—and, you know, as I say, we have been funding these because we want to make sure that we have a healthy industry. But is there still the view that this has been lost, in other words, the fight against citrus canker has been lost?

Mr. PUTNAM. The approach that we had been taking on citrus canker was the destruction of the tree. And that practice ended, because we were burning the village to save the village. And so we ended that approach.

That is not to say that the disease is not still having a devastating economic impact on the industry. But the previous USDA policy of erratic—they essentially ended the goal of eradication, and it became a suppression and treatment program. Because the eradication program involved determining that canker was present, drawing a radius around that infected tree, and destroying everything inside that radius. It was extremely costly to the State of Florida and to the Congress, who was funding that program.

So the eradication program ended after those storms blew the disease in so many places. It would not have made sense to con-

tinue the eradication program. That is not to say that, as a disease, it is not worthy of research into how to have better varieties to deal with it and all those other things. But it is certainly—the eradication effort ended, and that was a USDA determination.

Ms. DELAURO. Okay. But, again, though, as I understand it, and I just want to be clear, the $1.2 million for 2009 is for research.

Mr. PUTNAM. It is for research.

Ms. DELAURO. It is for research on citrus canker. And the $4 million is additional research in this area that you are talking about, not eradication, but to look at how we try to deal with varieties or how we try to deal with it domestically. But it is for both; it is for canker and for greening research.

Mr. PUTNAM. It is for both.

Ms. DELAURO. You know, just for the clarity of it, in having to explain what we are doing.

Mr. PUTNAM. Yes, ma'am.

Ms. DELAURO. There was a question about the research. In any way, are we doing any partnering with Asia, anywhere else that is dealing with this, in terms of the resistance to this?

Mr. PUTNAM. Yes. In fact, the example I gave was where, you know, a grad student and a professor from the University of Florida had traveled to Vietnam because they had heard about these villages that were living with greening on the side of a mountain in the middle of nowhere. So I am actually pretty impressed at the cooperation that is out there. And I am very impressed that they have brought in an organization with the stature of National Academy to help them direct their research funds.

And the industry has also hosted two global scientific research summits in Florida to compare best practices and the status of research and all those kinds of things. And so there really is a cooperative effort between ARS, the extension research agencies in the State of Florida and California, as well as Texas.

Ms. DELAURO. My next question was going to be about the institution. So it is Florida, Texas, and California——

Mr. PUTNAM. Primarily.

Ms. DELAURO [continuing]. Primarily where the research is being done.

Mr. PUTNAM. Right.

Ms. DELAURO. Well, thank you very, very much. I don't have any further questions.

Tom, anything?

Mr. LATHAM. Are there any other types of trees, ornamental or anything, that have seen any signs of this? Or do you know?

Mr. PUTNAM. Not of the greening, but you raise the ornamental aspect. Unfortunately, there are dozens or hundreds—at least dozens of ornamentals that the psyllid loves. So every landscaped home in the State of Florida probably has one or two different bushes in there that this psyllid loves, which accelerates its spread, you know, particularly in areas where you have commercial production up against an urban interface.

And so the ornamentals piece contributes to the spread of the vector, not to the spread of disease.

Mr. LATHAM. Okay. Thank you.

Mr. PUTNAM. Good luck with all that, Madam Chairman.

Ms. DELAURO. Thank you very much.

I have to say this, and I guess maybe you have the same kind of frustration that I am experiencing. This is 4 years, I mean, it is $160 million, not chump change, you know, I mean, maybe in this institution it is, but it is not, in terms of being able to deal with the research that can get us to how we try to affect this in some way. And it is a little troubling that we are not moving more quickly.

Mr. PUTNAM. Well, you know, we see this in everything we grow and raise in the United States. And the rate of new diseases and new introductions of pests and diseases is expanding exponentially as the world gets smaller. And Americans' diets are changing. We want more produce from Latin America and more spices from Asia. And we are just getting a more diverse palate, and food is becoming globalized.

And APHIS just can't keep up. Either because of funding or because it is not a priority or whatever, Homeland Security is not getting it done. And so, you know, it is not as sexy to seize a pink hibiscus mealybug or an African heart-water tick until 21 polo ponies die. But it is not as sexy as getting a bale of marijuana or a human trafficker or a cache of weapons. And, long term, we have to lift the profile of protecting our food supply as food trade becomes more rapid and more broad.

And, you know, anybody that wants to do trade with the United States, the first export they are going to have is food. I mean, agricultural trade is going to be their entry into our market. And so this is going to be a problem whether it is, you know, impacting wheat or corn or swine, impacting avocados, which I know we have a request to you on that; we just decided to bring you the big one.

I mean, it is endemic. And we don't have the robust food science infrastructure to deal with it.

Ms. DELAURO. I thank you for that comment. It is an important comment.

Mr. PUTNAM. I will get off my soapbox.

Ms. DELAURO. No, no. I think this committee has been for a very long time, both sides of the aisle, very, very concerned about the issue of food safety. And it has not become part of the national discourse. It only becomes part of the national discourse when nine people die of contamination and hundreds and thousands, you know, through food-borne illness are hospitalized. So it is about prevention.

Thanks very much. Appreciate it.

Mr. PUTNAM. Thank you.

Ms. DELAURO. I think we have no more witnesses. The hearing is concluded.

WEDNESDAY, MAY 13, 2009.

SECRETARY OF AGRICULTURE

WITNESSES

HON. THOMAS VILSACK, SECRETARY OF AGRICULTURE
JOE GLAUBER, CHIEF ECONOMIST
W. SCOTT STEELE, BUDGET OFFICER

CHAIRWOMAN DELAURO'S OPENING REMARKS

Ms. DELAURO. Hearing is called to order. My apologies for being late. Good afternoon.

Let me welcome everyone, and particularly Secretary Vilsack who comes before this subcommittee today for his second time. I want to say thank you to Mr. Glauber for being here and for Mr. Steele as well.

I am pleased to welcome my colleagues and ranking member, Mr. Kingston, as we begin the hearings on the fiscal year 2010 agricultural appropriations bill. Let me just say to you, Mr. Secretary, this is the second time we have had the opportunity to visit today. I want to thank you for the earlier session we had with Secretary Sebelius as well and the Food Safety Working Group, really beginning its efforts in the first public session. In any case, I am sure you have been working at this. I was pleased to be there, pleased to hear your comments and Secretary Sebelius' on how we should move forward on food safety.

We are glad to have as you a partner on the critical issues that face this subcommittee, and I look forward to working with you closely in the months ahead. And I know you agree that our work is ultimately about people's everyday lives, consumers who want safe food, farmers who rely on fair functioning markets, children who need healthy food to meet their full potential, and rural communities that need new opportunities to thrive.

I have said before that the issues that we confront in this subcommittee and with the Department of Agriculture speak to the core responsibilities of the Federal Government. And I am encouraged by the commitment you and the Obama administration have expressed in meeting these obligations, from improving our food safety system to expanding broadband service to rural areas, from conservation to strengthening child nutrition programs.

With the economic recovery package that we passed this winter, we have already begun to make those investments. I am proud of the resources that we secured, $28 billion for the USDA, including almost $20 billion to increase nutrition assistance. This has meant an additional $80 a month for a family of four, real tangible relief for families who are in need. Also, $150 million for The Emergency Food Assistance Program and funding for floodplain easements, direct farm operating loans, and single family housing loans. In other

words, real relief and real jobs on the ground for some of our most vulnerable communities.

We have worked hard to make these funds available, and Mr. Secretary, I know that you are working hard to make sure they reach those who would benefit the most.

Now, I believe we have an opportunity to build on that investment and move from recovery to long-term growth, and I applaud Mr. Secretary for putting us in a strong place to do just that with this year's fiscal year 2010 budget.

Total discretionary spending proposed in the budget for USDA would be $20.4 billion, a 10 percent increase above 2009, indeed, a significant increase. Of course, this is just a first step. You will recall when you came before the committee in March, we discussed the need for serious and long-term reform at the Department. The recovery package and now this budget represent a powerful down payment on that process. We cannot let up at any point along the way, and we must remain vigilant and committed to bringing the change the department needs.

With that in the mind, let me raise a few issues that I imagine you will discuss in your statement, and I may ask you to elaborate on when we get to questions. For example, I want to highlight the Department's proposed funding for FSIS, targeting funding to improve the food safety public health infrastructure to improve the agency's ability to conduct food safety assessments, much of this in response to the recommendations in the Inspector General report on risk-based inspections.

I also want to applaud the budget request for Rural Development programs. For years, the previous administration made grand claims in this area, but failed to put its money where its mouth was. The 2009 Bush budget had requested the elimination of many direct loan and grant programs in the Rural Development mission area. I am glad that this budget request does not carry most of those budgetary cuts. I am sure my colleagues on the subcommittee feel the same way, and it shows a new commitment to rural development.

I am also happy about the commitment we have made to conservation through the recovery package, already bringing funds to our communities for the rehabilitation of watersheds and flood prevention projects. For example, I must say that, yes, I am concerned about some apparent inconsistencies with respect to conservation within the budget, and while you highlight USDA's work through the Recovery Act to improve water quality through the watershed and flood prevention operations program, you then note later in your testimony that you eliminate the very same program in your 2010 request.

More troubling is how the budget treats the Farm Bill conservation programs. The budget proposes very heavy cuts, in my view, to popular and effective programs, such as the Wetlands Reserve Program, Wildlife Habitat and Incentives Program, the Farm and Ranch Lands Protection Program, and I hope that we have a chance to discuss the reasoning behind those kinds of decisions in the budget.

Also, as you know, this committee has a long history of working to expand broadband access to rural communities. It is also about

bringing good jobs to rural America so that its residents do not have to leave their communities to find work. I look forward to discussing the implementation of the Recovery Act funding that we provided.

I want to thank you again for joining us, Secretary Vilsack. I look forward to asking you about these and other efforts within the Department. Ultimately, our appropriations reflect our priorities as a Nation. We have big goals, and it is the details, it is the budget and the basics that we are discussing here today that get us there, and we have a responsibility and I know you share that responsibility to get it right.

And with that, let me recognize our ranking member, Mr. Kingston, for any opening remarks that he may have.

MR. KINGSTON'S OPENING REMARKS

Mr. KINGSTON. Thank you, Madam Chair, and Mr. Secretary, welcome back to the committee. We certainly appreciate your office being so accessible.

I have concerns about this budget, and basically it is about a 20 percent increase, and during a time when we are asking American households to cut back and they have lost so much of their own personal savings during this bad economy but we are asking them to increase Ag's funding about 20 percent.

And yet there are some cuts in there, and I would like to work with you on these cuts, but as you know, we have gone this route before on so many of these things and never done it successfully.

Elimination of RC&D. The Chair just mentioned the previous administration's lack of commitment to rural development. Well, RC&D is a pretty big commitment to the rural areas. It is fairly important to them. Eliminating that, I am open to it actually, to discussion of it, but I don't see how we get there. It has been talked about before and it has never happened.

The Administration eliminates congressional earmarks, and I can understand that the administration would prefer its own earmarks to the legislative branch. Members of this committee should know that the WIC funding is now about 40 percent of the discretionary limit, which the Chair had said is about $20.4 billion, $7.7 is WIC. WIC budget just grows every year, and for Members who are concerned about congressional directed spending, we need to be thinking in terms of that. As sensitive as it is to bring anything up about WIC, I think it is something we should be talking about.

The farm limitation amendment, savings from that, the Senate has pretty squarely dealt with that right now and rejected that concept on a bipartisan basis.

This House has dealt with crop insurance commission issues before. I am not sure that that is going to last.

But I guess what I want to when we get into Q&A, what I want to hear from you is how committed is the Administration to these proposals. Is it real or is it just the kind of the Washington Two-Step that we do every year along with veterinarian fees and inspection fees?

Then, part of the increase is things, as you know, the stimulus program increased broadband tremendously, I think from $400 million to almost $2.7 billion I think if my numbers are right. Yet, this

still has a broadband increase. You know, they just won the lottery. They didn't just get a 10 percent bump in the stimulus. They more than quadrupled their budget. I am not sure what the numbers are, way past that, and so now we are going to increase them again. That would seem to me like a logical place maybe not to increase.

So there are some issues that I am looking forward to this testimony and have great respect for you and your ability, but I want to talk about how do we square this away with realities that are out there.

So thanks for coming back and I yield back.

Ms. DELAURO. Thank you very much, Mr. Kingston. Mr. Secretary, if you would proceed with testimony, and the full testimony will be in the record and we will ask you to summarize.

STATEMENT OF SECRETARY VILSACK

Secretary VILSACK. Thank you, Madam Chair.

Madam Chair and distinguished members of the subcommittee, it is a pleasure to come back before you today to discuss the details of the President's 2010 budget request for the Department of Agriculture. As the Chair indicated, I am joined today by Scott Steele, our budget officer, and by Joe Glauber, our chief economist.

In my testimony before this subcommittee in March, I outlined the President's goals for the Department and the challenges and opportunities we face in revitalizing rural America and the economy at this crucial time.

Over the first 100 days of this administration, USDA has set out a new course to promote a safe, sustainable, sufficient, and nutritious food supply, to ensure that America leads the global fight against climate change, and revitalize rural communities by expanding economic opportunity.

We have moved quickly to respond to these difficult economic times by creating jobs, increasing food aid to those in need, and revitalizing rural communities. We have also made civil rights a top priority, with definitive action to improve the Department's record and move the USDA to a model employer and premier service provider.

Before I delve into the specifics of the 2010 budget, I would like to provide a brief update on our efforts to implement the Recovery Act.

RECOVERY ACT IMPLEMENTATION

The USDA has taken decisive action to implement provisions of the Recovery Act. We immediately took measures to make available almost $20 billion or approximately 70 percent of the total funding received under the Act for increasing the monthly benefits of the supplemental nutrition assistance program. We have also allocated $125 million for emergency food assistance.

To assist farmers struggling with tight credit markets, we obligated over 99 percent of the $173 million in the Recovery Act funding for direct farm operating loans, which has provided assistance to 2,636 farmers, of which approximately half were beginning farmers, and 23 percent were socially disadvantaged farmers.

In the area of the environment, in the natural resource conservation, we announced a national sign-up for $145 million in floodplain easements, which will restore and protect an estimated 60,000 acres of flood-prone land. In addition, $45 million has been provided for the rehabilitation of watersheds, and $85 million for 53 flood prevention projects in 21 States.

Rural communities are also benefiting from our actions. We have made available more than $600 million in funding to provide safe drinking water and improve wastewater treatment systems for rural towns in 34 States. We have begun the implementation of the Act's broadband provisions in concert with the U.S. Department of Commerce and are determining the best targeted utilization of the $2.5 billion provided for expanding rural broadband into communities that would otherwise not have access.

The USDA has also obligated a loan level of $3.4 billion in guaranteed and direct single family housing loans for over 28,800 loans. I want to assure this subcommittee that the Subcabinet, the agencies and Department will be held accountable for not just swift implementation but also ensure the funds are being used effectively and efficiently.

PRESIDENT'S 2010 BUDGET

The President's 2010 budget, released on May 7, 2009, proposes over $20.3 billion for discretionary programs under the jurisdiction of this subcommittee, an increase of nearly $2 billion over the 2009 levels provided in the Omnibus Appropriations Act. This increase is primarily associated with the Special Supplemental Nutrition Program for Women, Infants and Children, international food assistance, rural development, and other priority programs.

At this time, I would like to briefly point out how this budget supports our highest priority programs.

NUTRITION PROGRAMS

The budget fully supports nutrition assistance programs, including full funding for the Special Supplemental Nutrition Program for Women, Infants and Children, to serve all of the estimated monthly average of 9.8 million participants. In addition, the Administration is proposing an increase of $10 billion over 10 years for reauthorization of the Child Nutrition Programs. These increases will be used to improve access to nutritious meals, to encourage children to make healthy food choices and to enhance services for participants by improving program performance and integrity.

FOOD SAFETY

In support of the President's commitment to modernize the food system, the budget requests over $1 billion for the Food Safety and Inspection Service. This is the full amount necessary to meet the demand for meat, poultry and egg products inspection, as well as providing an increased investment in food safety assessments, and technology needed to enhance our ability to identify, respond to and reduce food safety risks.

TRADE

Expanding our access to world markets and developing long-term trade relationships continue to be vital components of our strategy to improve the vitality of the farm sector and quality of life in rural areas. Due to the global credit crisis, we have seen significant increases in demand for export credit guarantees provided through the GSM–102 program. To help meet this demand, the budget provides a program level of $5.5 billion, the maximum authorized by the 2008 farm bill for CCC export credit guarantees for 2010.

To encourage further export expansion for our products, we need to work hard, both in Washington and in our offices overseas, to ensure continued access to overseas markets. I appreciate the subcommittee's support in providing additional resources in 2009 for this activity, and our 2010 budget builds on this foundation with a $16.4 million in additional funds to maintain the Foreign Agricultural Service's overseas presence and upgrade their information technology infrastructure.

INTERNATIONAL FOOD ASSISTANCE

The 2010 budget also supports the administration's commitment to renewing U.S. leadership and promoting global development and fostering world food security by doubling the level of discretionary funding for the McGovern-Dole International Food for Education and Child Nutrition Program. The budget also supports a program level of $1.7 billion for P.L. 480 Title II donations which will reduce our reliance on the need for future emergency supplemental funding.

ENVIRONMENTAL SERVICES MARKETS

The budget reflects a new course the administration has set to ensure that America leads the global fight against climate change and to revitalize rural communities by expanding economic opportunity. To this end, the budget includes an increase of $15.8 million to develop markets that reward producers for sequestering carbon and limiting greenhouse gas emissions.

RENEWABLE ENERGY

The budget promotes America's rural leadership in developing renewable energy by supporting over $780 million in investments, a net increase of $275 million over 2009. Notably, our discretionary request supports $280 million in guaranteed loans and grants for the Rural Energy for America Program, or REAP.

RURAL DEVELOPMENT

For rural development, the 2010 budget includes funding to support over $21 billion for loans, loan guarantees, and grants for ongoing discretionary programs, an increase of $825 million over 2009. This includes $1.3 billion in loans and grants to increase broadband capacity and to improve telecommunication service.

To spur the development of small business and value-added agriculture in rural America, increased funding is sought to support $63 million in loans under the Rural Microentrepreneurial Assistance Program and $8 million for Value-Added Producer Grants.

The budget also provides funding necessary to finance homeownership opportunities for nearly 59,000 rural residents and fully supports the administration's commitment to protect low-income tenants participating in the Rental Assistance Program, many of whom are elderly, in about 248,000 multifamily housing units.

AGRICULTURAL PRODUCTION

Consistent with President Obama's desire to invest in the full diversity of agricultural production, the budget requests an additional $6 million for assisting the organic sector, establishing marketing agreements that will involve quality factors affecting food safety for leafy greens or other fruits and vegetables, and supporting independent livestock producers.

RESEARCH

For research, the budget also includes funding to support our highest priorities. This includes a $70 million increase for competitive research grants that will enhance rural research and extension programs and provide incentives for teachers to pursue professional development.

The budget also requests an additional $10.8 million to develop tools and strategies for mitigating and adapting to climate change.

We are requesting an additional $11 million to conduct research on new varieties of bioenergy feedstocks, as well as developing technologies that will result in sustainable, efficient and economic production practices for biofuels.

In order to promote the healthier eating habits and lifestyles, the budget also includes an increase of $13 million to determine the barriers to individuals in following healthy eating and physical activity recommendations and to develop new, healthier foods.

FARM SAFETY NET

In my last appearance before the subcommittee, we discussed the administration's proposal to improve fiscal responsibility, while supporting a robust safety net for producers that provides protection for market disruptions, weather disasters, pests and disease that threaten the viability of American agriculture.

I want to reassure you that the President's budget does indeed maintain the three-legged stool of farm payments, crop insurance, and disaster assistance. However, in keeping with the President's pledge to target farm payments to those who need them the most, the budget proposes a hard cap on all program payments of $250,000 and to reduce crop insurance subsidies to producers and companies in the delivery of crop insurance.

While the budget includes a proposal to phase out direct payments to the largest producers, the Department is prepared to work with Congress and stakeholders as these proposals are considered.

For 2010 the budget requests an increase of $67.3 million to continue the activities necessary to modernize the information technology we rely on to deliver farm program benefits. I certainly appreciate the subcommittee's interest in this effort and the $50 million provided in the Recovery Act which is allowing us to make

progress in this area. Although this combined level of funding will allow us to continue to make progress, additional funding will be required in subsequent years to complete the stabilization and modernization efforts.

The 2010 budget fully supports partnering with landowners to conserve land, protect wetlands, and improve wildlife habitat through vital Farm Bill conservation programs. For the 2010 budget, the budget includes nearly $4.7 billion in mandatory funding for conservation programs authorized in the 2008 Farm Bill. It also includes $907 million in discretionary funding for ongoing conservation work that provides high quality technical assistance to farmers and ranchers and addresses the most serious natural resource concerns.

CIVIL RIGHTS

Ensuring equitable treatment of all our employees and clients is a top priority for me. By holding each USDA employee accountable for their actions and through the implementation of my recently announced civil rights plan, we are striving to make the Department a model agency for respecting civil rights. In support of these efforts, the 2010 budget includes funding to address program and employment complaints of discrimination and to increase the participation of small, beginning and socially disadvantaged producers in USDA programs.

Another key initiative is the expansion of outreach to unserved and underserved constituents. The 2010 budget includes funding to support the establishment of the Office of Advocacy and Outreach authorized in the 2008 Farm Bill. It also provides funding necessary to support enhanced government-to-government relations and improve tribal consultation activities.

We are seeking an increase of $45.8 million to ensure that USDA can reliably deliver its broad portfolio of programs in a secure IT environment. Instituting a department-wide cyber security initiative will eliminate critical vulnerabilities that threaten the integrity of the USDA network and the security and privacy of departmental systems and information.

We share the President's vision of a strong economy. Therefore, like other agencies, we have begun making difficult but important budget decisions which include eliminating wasteful and inefficient spending. The 2010 budget reflects the elimination of earmarks and funding for programs that are not as high a priority as others I have mentioned or to provide services that can be supported by other means. This includes billions of dollars in mandatory savings and discretionary savings for the termination of the Resource Conservation and Development program, Watershed and Flood Prevention Operations program, EZ/EC grants program, the High Energy Cost Grants, and grants for public broadcasting digital conversion.

We have begun the process of making tough decisions about where our priorities lie and have made some tough choices about where to spend our resources. These choices reflect a new direction we are moving in and provide the foundation and diverse opportunities for farmers and ranchers in rural America to thrive.

Madam Chair, that concludes my statement. I will be glad to answer questions.

[The information follows:]

Statement by
Thomas Vilsack
Secretary of Agriculture
Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
Committee on Appropriations, U.S. House of Representatives
May 13, 2009

Madam Chairwoman and distinguished members of this Subcommittee, it is a pleasure to come back before this Subcommittee today to discuss the details of the President's 2010 budget request for the Department of Agriculture. I would also like to take this opportunity to provide you an update on our efforts to eliminate wasteful and inefficient spending and to implement the American Recovery and Reinvestment Act (ARRA) of 2009.

I am joined today by Scott Steele, our Budget Officer; and Joseph Glauber, our Chief Economist.

In my testimony before this Subcommittee on March, I outlined the President's goals for the Department and the challenges and opportunities we face in revitalizing rural America and the economy at this crucial time. Over the first 100 days of this Administration, USDA has set out on a new course to promote a sustainable, safe, sufficient and nutritious food supply, to ensure that America leads the global fight against climate change, and to revitalize rural communities by expanding economic opportunities. We have moved quickly to respond to these difficult economic times by creating jobs, increasing food aid to those in need, and revitalizing rural communities.

We have also made civil rights a top priority with definitive action to improve the Department's record and move USDA to be a model employer and premier service provider.

I look forward to working with you, Madam Chairwoman, and the members of this Subcommittee as we continue our hard work to ensure that USDA is at the forefront of change.

IMPROVING FINANCIAL INTEGRITY:

During my last appearance, I informed the Subcommittee that I directed Subcabinet officials to review their agency's financial activities for wasteful and inefficient spending, and report on "savings" each week. This has been a productive effort, which has resulted in the implementation of more efficient procedures and cost avoidance measures. The Terminations, Reductions and Savings volume of the FY 2010 budget identifies annual savings of $19.5 million from a sample of the actions USDA agencies have taken. In addition, we will achieve a cost avoidance of $62 million in lease costs over 15 years as a result of consolidating seven leased facilities located throughout the DC metropolitan area into one location.

As we move forward in implementing the President's agenda, we will continue to root out inefficient management practices and improve our use of funds.

RECOVERY ACT:

Before I delve into the specifics of the 2010 budget, I would like to provide an update on our efforts to implement the American Recovery and Reinvestment Act (ARRA) of 2009.

USDA received $28 billion of ARRA funding. Of this amount, almost $20 billion, or approximately 70 percent, is for increasing the monthly amount of Supplemental Nutrition Assistance Program (SNAP) benefits currently assisting over 32 million low-income people and increasing the block grants to Puerto Rico and American Samoa.

The remaining funds are for: supporting nutrition assistance programs that primarily target low-income women, infants, and children; expanding opportunities for broadband service in rural areas; improving community facilities, such as firehouses, libraries, schools, and rural medical clinics; improving drinking water and wastewater treatment; increasing farm assistance; promoting rural economic development; and supporting conservation projects to protect our Nation's forests and farm land.

Since enactment of the Recovery Act, we have:

- Worked with State partners to increase maximum SNAP benefits by 13.6 percent, which translates to an additional $80 each month for a family of four. We also allocated $100 million in emergency food assistance through TEFAP, and

$25 million in administrative funds for the Nation's emergency food assistance network;

- Distributed all of the $173 million in Recovery Act funding for direct farm operating loans. FSA has obligated over 99 percent of this funding, which has provided assistance to 2,636 farmers, of which approximately half were to beginning farmers and 22.8 percent were to socially disadvantaged farmers;

- Announced a national signup for up to $145 million in floodplain easements and extended the deadline to ensure landowners impacted by flooding in States like North Dakota and Minnesota are given an opportunity to apply. This will restore and protect an estimated 60,000 acres of flood-prone lands;

- Provided $45 million for the rehabilitation of watersheds, many of these projects are nearing the end of their 50-year design life. Recovery funds will be used to upgrade structures to current safety standards, thereby protecting life, property and infrastructure downstream for more than 90 years and resulting in 910 jobs. USDA has also provided $85 million for 53 new flood prevention project efforts in 21 States and territories;

- Made available more than $600 million in funding to provide safe drinking water and improved wastewater treatment systems for rural towns in 34 States. USDA also received $2.5 billion for expanding rural broadband into communities that otherwise might not have access. USDA has begun implementation in concert with the U.S.

Department of Commerce and is determining the best targeted utilization of the funding. These efforts will create jobs and revitalize rural communities; and

- Made approximately $3.4 billion in guaranteed and direct single family housing loans for over 28,800 loans.

I want to assure this Subcommittee that the Subcabinet, agencies and the Department will be held accountable for not just swift implementation, but also for ensuring the funds are used efficiently and effectively. You should be confident that we are working hard to achieve the President's goals to revitalize the economy.

2010 BUDGET:

The President's 2010 budget, released on May 7, 2009, proposes $21.3 billion for discretionary programs under the jurisdiction of this Subcommittee, an increase of nearly $2 billion over the 2009 levels provided in the Omnibus Appropriations Act. This increase is primarily associated with the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), international food assistance, rural development and other priority programs.

The 2010 budget reflects the President's commitment to be transparent to the American people. Our budget accounts fully for the costs to operate the government. In addition, as I had mentioned, we have reviewed all of our operations for wasteful and inefficient spending. Therefore, the 2010 budget reflects a reduction of over

$450 million for the elimination of earmarks and funding for programs that are not as high a priority as others, or programs that provide services that can be supported by other means.

I would now like to focus on some specific program highlights.

NUTRITION:

Consistent with the President's commitment to present an honest, transparent budget, we are including sufficient resources to support estimated participation in the nutrition assistance programs.

For WIC, the budget proposes $7.8 billion in budget authority to support an average monthly participation of 9.8 million in 2010. This is a total increase of over $900 million in USDA's largest discretionary program. The budget provides $225 million in WIC contingency funds, for a total contingency fund of $350 million with carryover from FY 2009, should costs increase beyond current estimates. Additionally, the budget includes $30 million to assist States in modernizing and upgrading their management information systems

On the mandatory side, the budget includes over $1.8 billion in increases for Child Nutrition Programs, to support the increased level of school lunch participation and food cost inflation. School lunch participation is estimated to grow to about 32.1 million children each school day, with free meal participation increasing from about

half of the total meals in FY 2008 to almost 53 percent in FY 2010. The budget includes $5 million for Hunger-Free Community Grants authorized by Section 4405 of the 2008 Farm Bill and $0.7 million to expand the HealthierUS School Challenge program. In addition, the Administration is proposing an increase of $10 billion over 10 years for reauthorization of the Child Nutrition Programs. These increases will support the President's efforts to reduce childhood hunger and obesity by improving access to nutritious meals, to encourage children to make healthy food choices, and to enhance services for participants by improving program performance and integrity.

For the Supplemental Nutrition Assistance Program (SNAP), the budget includes $67 billion, including $5.9 billion in Recovery Act funds, to fully fund estimated monthly participation and provides $3 billion in contingency funds, for a total contingency fund of $6.0 billion with carryover from FY 2009, should actual costs exceed the estimated level. Participation in SNAP is estimated to be about 32.6 million per month in 2009, and is projected to increase to 35.0 million in 2010. The Recovery Act benefit increase will remain in place until the normal cost of living adjustment catches up to the higher benefit levels.

The budget proposes discretionary funding for the Commodity Supplemental Food Program (CSFP) at a level needed to maintain the current participation and continues funding for The Emergency Food Assistance Program (TEFAP).

In order to improve the administration of nutrition programs, the budget includes increases in the Nutrition Programs Administration account to improve payment

accuracy, advance the use of technology in benefit delivery, and enhance nutrition education.

In 2010, we look forward to issuing the revised *Dietary Guidelines for Americans*, which are the cornerstone of federal nutrition policy and the foundation on which all federal nutrition education, diet and physical activity guidance, and nutrition assistance programs are built. The process of establishing the *Dietary Guidelines* requires an investment in assessing the most current and credible scientific evidence on which to base them, a function that USDA created and employs through its Nutrition Evidence Analysis Library. USDA will be working to update the nutrition assistance programs to reflect the latest science found in the 2010 *Dietary Guidelines*. Further, the Department will build upon its enormous success in promoting healthy eating habits and active lifestyles with MyPyramid, including enhancements of the interactive and personalized tools, such as the recent MyPyramid for Pregnant and Breastfeeding Women, and MyPyramid for Preschoolers. MyPyramid is an important investment in the fight on obesity and much more needs to be done in this area, and to increase the level of physical activity that Americans engage in on a daily basis.

FOOD SAFETY:

A key responsibility I have is to make sure Americans have safe and sufficient and nutritious food. Although we have a strong food safety system, we need to continue to work to do a better job. We must focus on eliminating hazards before they have an opportunity to make anyone sick, developing technologies that will help us

discover risks and allocate resources to reduce this risk, and during outbreaks rapidly identify and respond to incidents of foodborne illness. I am committed to modernizing the food system, focusing on preventing rather than mitigating the consequences of food-borne illness.

For 2010, the budget requests over $1 billion for the Food Safety and Inspection Service. Not only will this funding will ensure that the demand for inspection is met as it provides for increased investments that will improve prevention, early detection, and mitigation that will reduce the adverse health impacts related to foodborne illness.

The budget includes an increase of $23 million to improve the food safety Public Health Infrastructure. These improvements will strengthen and secure FSIS' ability to target food safety inspections and investigate food safety outbreaks. In addition, the budget includes an increase of $4 million for additional food safety assessments. These assessments are conducted by a team of investigators with a broad array of skills necessary to conduct a comprehensive evaluation of an establishment's food safety control system and potential public health risks associated with meat, poultry, and egg products.

The budget estimates that $153 million in existing user fees for voluntary inspection will be collected. For 2010, we will submit legislation to Congress that would authorize the collection of fees to cover the cost of additional inspection activities necessary for establishments with performance failures such as retesting, recalls, or inspection activities linked to an outbreak.

As a member of the President's Food Safety Working Group, I look forward to working with Secretary Sebelius and others to develop a strategy that will achieve the President's goals to upgrade our food safety laws for the 21st century and ensure that we are not just designing laws that will keep the American people safe, but enforcing them. The working group will improve coordination between USDA and the Department of Health and Human Services and other Federal food safety agencies. These activities will strengthen our capacity to reduce foodborne illnesses and deaths resulting from foodborne illness.

TRADE:

USDA has an important role in expanding exports for our agricultural products. It is significant that, while the country as a whole has a trade deficit, agriculture has a trade surplus. USDA estimates that the trade surplus for agricultural products will be $13 billion in FY 2009. To encourage further export expansion for our products, we need to work hard both in Washington and in our offices overseas to ensure continued access to overseas markets. I appreciate the Subcommittee's support in providing additional resources in 2009. Our 2010 budget builds on this foundation with $16.4 million in additional funds to meet critical needs in the Foreign Agricultural Service. The budget places particular emphasis on maintaining FAS's overseas presence so that its representation and advocacy activities on behalf of U.S. agriculture can continue and on upgrading FAS' information technology infrastructure. These funds are critical to continue our efforts to break down trade barriers that limit our capacity to export, such as the imposition of sanitary and phytosanitary barriers that are not in accord with

international standards or science-based. As world market conditions deteriorate under the current financial crisis, we must be especially vigilant to ensure that we keep markets open as we move forward.

Expanding our access to world markets and developing long-term trade relationships continue to be vital components of our strategy to improve the vitality of the farm sector and quality of life in rural areas. Due to the global credit crisis, we have seen a significant increase in demand for export credit guarantees provided through the GSM-102 program. To help meet this demand, the budget provides a program level of $5.5 billion for CCC export credit guarantees for 2009 and 2010. This is a noteworthy increase in programming from as recently as 2007, when the program registered sales of $1.4 billion.

INTERNATIONAL FOOD ASSISTANCE:

An important focus of the Department's international work is providing foreign food assistance and promoting agricultural development overseas. The Administration has established the goal of renewing the U.S. leadership role in global development and diplomacy, and fostering world food security. The international food aid programs, such as the McGovern-Dole International Food for Education and Child Nutrition and P.L. 480 Title II programs, contribute to that goal by addressing food insecurity throughout the world and supporting development, health, and nutrition.

In support of those objectives, the 2010 budget increases appropriated funding for the McGovern-Dole program to nearly $200 million, a doubling of the 2009 enacted level. We estimate the program will assist over 4.5 million women and children during 2010 at that funding level. This is a valuable program that promotes education, child development, and food security for some of the world's poorest children.

For the P.L. 480 Title II program, the budget provides a program level of nearly $1.7 billion, an increase of $464 million above the 2009 enacted level. The increase will reduce our reliance on the need for future emergency supplemental funding. Supplemental appropriations for the Title II program have been requested repeatedly in recent years in response to a substantial growth in emergency food assistance needs. In that regard, the President submitted a supplemental appropriations request of $300 million for the Title II program on April 9, and we urge Congress to consider it favorably.

ENVIRONMENTAL SERVICES MARKETS:

The President has made clear his priorities in addressing climate change and expanding our capacity to produce renewable energy. These priorities create significant new opportunities for farmers and ranchers to succeed. The agriculture and forestry sectors hold the potential to deliver substantial emissions reductions, including carbon sequestration, under a national climate change policy and the establishment of environmental services markets. The budget reflects the new course the Administration has set to ensure that America leads the global fight against climate change, and to

revitalize rural communities by expanding economic opportunities, while maintaining a sustainable, safe, sufficient and nutritious food supply. To create additional economic opportunities for America's farmers and ranchers, the Administration is pursuing new initiatives that reward producers for sequestering carbon and limiting greenhouse gas emissions by providing mechanisms for producers to generate income through environmental services markets. By seizing the opportunities presented by environmental services markets, producers will be able to transition away from a dependence on traditional farm programs.

To this end, the budget includes an increase of $15.8 million to develop markets that reward producers for sequestering carbon and limiting greenhouse gas emissions. This includes $1.8 million to develop the metrics and certifications associated with the environmental services related to conservation and certain land management activities. We are also requesting an increase of $9 million to enhance the research and analytical capabilities of the Department related to global climate change and $5 million to conduct Government-wide coordination activities that will serve as the foundation for the establishment of markets for these ecosystem services.

We need to ensure that farmers and ranchers capitalize on emerging markets for clean renewable fuels and help America reduce its dependency on foreign oil by helping establish the demand necessary to support increased production of biofuels.

RENEWABLE ENERGY:

The 2008 Farm Bill provided significant mandatory funding to support the commercialization of renewable energy. The 2010 budget builds on this investment in renewable energy and biobased activities by requesting discretionary funding to support almost $780 million in investments, approximately a net increase of about $275 million from 2009. This includes increases of $218 million for loan guarantees and $32 million in grants to support renewable energy and energy efficiency projects under the Rural Energy for America Program (REAP). This request would more than double the amount of funding made available for REAP under the Farm Bill for 2010. In addition, the budget supports an increase of $49 million in loan guarantees for the Biorefinery Assistance Program.

The emphasis on renewable energy research will be on production of energy crops. The 2010 budget proposes an increase of $11 million for the development of new varieties and hybrids of feedstocks with traits for optimal production and conversion to biofuels. The funding will also be used to develop a new data series on the supply and location of commodity production for renewable fuels.

RURAL DEVELOPMENT:

USDA's Rural Development (RD) programs provide essential support to rural America by providing financial assistance for broadband access, housing, water and

waste disposal and other essential community facilities, electric and telecommunication facilities, , and business and industry.

The 2010 budget includes funding to support over $21 billion for loans, loan guarantees, and grants for the Rural Development on-going discretionary programs, an increase of $825 million over 2009. This makes Rural Development one of largest lenders in the country.

The budget will support over $7.3 billion in direct and guaranteed single family housing loans that will provide more than 59,000 rural homeownership opportunities. In addition, the budget includes $1.1 billion, an increase of $188 million over 2009, to provide for rental assistance payments for 248,000 low-income households that reside in USDA financed multi-family housing and receive such assistance. This is sufficient for the renewal of all expiring rental assistance payment contracts. Rental assistance payments protect the rents of low-income rural residents who live in USDA financed multi-family housing projects. By maintaining these payments, we not only provide support to recipients, but also provide financial stability for multi-family projects that provide affordable housing to 460,000 families who live in these projects.

The 2010 budget maintains significant support for infrastructure programs, such as the Water and Waste Disposal program and the Electric program. The budget funds approximately $1.6 billion in on-going direct loans and grants, an increase of $80 million over 2009, for essential water and waste disposal services. This program received an additional $3.7 billion under the Recovery Act and $300 million under the 2008 Farm Bill

to reduce the backlog of applications. These investments will help bring increased economic benefits to rural America by providing needed water and water systems and by creating jobs. For the Electric program, the budget provides $6.6 billion in funding for loans for the construction of electric distribution and transmission systems and to maintain existing generation facilities. This level of funding is sufficient to meet the expected demand for these loans.

Increasing access to broadband service is a critical factor in improving the quality of life in rural America and in providing the foundation needed for creating jobs. The 2010 budget includes funding to support $1.3 billion for telecommunications loans and grants, including broadband. This funding level, coupled with the additional funding provided for USDA's broadband programs in the Recovery Act, will significantly accelerate the deployment of broadband access in rural America. These investments will increase access to quality broadband service, which is essential to keeping pace in a world that relies on rapid telecommunications.

The 2010 budget also supports $546 million in direct loans, loan guarantees and grants for essential community facilities, such a health care and public safety facilities; as well as $993 million in business and industry loan guarantees and $34 million in zero-interest direct loans for intermediary relending.

To spur the development of small business and value-added agriculture in rural America, the 2010 budget provides a $63 million increase for rural small business development in the Rural Microentrepreneur Assistance Program (RMAP), which is in

addition to the $4 million in mandatory funding provided by the 2008 Farm Bill. An increase of $18 million is requested for Value-Added Producer Grants and nearly an $8 million increase for Rural Cooperative Development Grants.

In keeping with the President's direction to eliminate spending that is no longer needed, the 2010 budget does not provide any funding for the EZ/EC grants for which the statutory authority expires, high energy cost grants which serve a narrow interest that can qualify for USDA assistance under several Rural Development programs, and grants for public broadcasting digital conversion, which is due to be completed in June 2009.

DIVERSITY OF AGRICULTURAL PRODUCTION:

Consistent with President Obama's desire to invest in the full diversity of agricultural production, the budget focuses greater attention on assisting the organic sector, providing greater assistance to producers of specialty crops, and supporting independent livestock producers.

The budget includes an additional $2.9 million, a 74-percent increase, in funding for the National Organic Program, which will support enhanced outreach and education and ensure program compliance to maintain labeling credibility.

The budget also includes additional funding for USDA to work with the fruit and vegetable industry to develop, establish, and operate Federal marketing agreements or

orders that will involve quality factors affecting food safety for U.S. leafy greens or other fruits and vegetables.

In an era of market consolidation, the Administration will support policies to ensure that family and independent farmers have access to markets, control over their production decisions, and transparency in prices. This includes implementation of Farm Bill-related regulations to enhance enforcement of the Packers and Stockyards Act, which prohibits unfair, deceptive, and fraudulent practices. For 2010, additional funding is included to strengthen enforcement of the Packers and Stockyards Act. Proper enforcement will ensure a level playing field that fosters fair competition, provides payment protection, and guards against deceptive and fraudulent trade practices in the livestock and meat sectors.

RESEARCH:

USDA's science agencies have been successful in developing innovative research technologies and solutions to deal with the highest priority issues facing American agriculture. Today we are confronted with national and global challenges that will require both an educated workforce and pioneering scientific research to effectively address. The 2010 budget includes proposals to revitalize rural education and confront the challenges of global climate change, bioenergy production and childhood obesity.

Consistent with the President's pledge to make math and science education a national priority at all grade levels and revitalize rural economies, the 2010 budget for

the National Institute of Food and Agriculture includes an increase of $70 million for research, education and extension activities. These funds will be used to provide incentives for educators in rural areas to enhance their teaching skills by establishing Rural America Teaching Fellowships, which will encourage qualified teachers to pursue professional development activities. The additional funding will allow secondary, 2-year postsecondary, and higher education institutions serving rural areas to update and revise their curricula and coordinate research and extension activities in the food and agricultural sciences. This initiative will also help strengthen the teaching, research, and extension programs in the food and agricultural sciences at 1890 and 1994 Land Grant Colleges and Hispanic-Serving Institutions. Finally, a new competitive grant program, utilizing the existing infrastructure of 1862 and 1890 land-grant institutions, will be implemented to support rural entrepreneurship and sustain jobs in rural communities through training and the creation of web-based tools.

The budget for the Agricultural Research Service (ARS) includes $37 million in increases for high priority research conducted in areas, such as childhood obesity, bioenergy, world hunger, and global climate change. This includes an increase of $13 million for a major ARS initiative to develop effective sustainable practices to help reduce childhood obesity through preventative measures. As past attempts at treating obesity have proven unsuccessful, research will seek to determine the barriers to individuals in following the healthful eating and physical activity recommendations set forth in the *Dietary Guidelines* as well as study family centered interventions to determine their ability in preventing obesity in children. In conjunction with this effort,

ARS will work to develop new healthier foods which increase satiety, decrease caloric density, and increase dietary fiber.

The 2010 budget for ARS also includes an increase of $11 million to conduct research on the development of new hybrids and varieties of bioenergy feedstocks that have the traits necessary for the optimal production and conversion to biofuels. ARS is uniquely suited to lead this research, because it maintains the National Plant Germplasm Collection, the world's largest seed collection, and administers important genetic improvement and breeding programs. Research will also focus on developing strategies and technologies that will result in the sustainable, efficient and economic production practices of energy from forestry and agricultural products in ways that maintain the quality of the natural resource base.

As I mentioned earlier, the budget supports research for global climate change aimed at developing mitigation and adaptation strategies through science. The budget proposes increases of $9 million within ARS to assess and manage the risks of global climate change to agricultural production and $1.8 million within the Economic Research Service budget to support research on the economics and policies for reducing greenhouse gas emissions.

For the National Agricultural Statistics Service (NASS), the budget includes an increase of $1.8 million to establish a data series on key elements of bioenergy production and utilization which will be instrumental in developing a renewable energy infrastructure. The budget also includes an increase of $5.75 million to restore the

chemical use data which will allow the collection of data on major row crops on an alternating year basis. This data series will enable USDA, EPA and others to respond adequately to questions about agricultural chemical use and its possible effects on the environment.

These program increases are offset by reductions in research and extension earmarks and lower priority projects that total about $260 million.

FARM SAFETY NET:

In my last appearance before the Subcommittee, we discussed the Administration's proposals to improve fiscal responsibility, while supporting a robust safety net for producers that provide protection from market disruptions, weather disasters, and pests and diseases that threaten the viability of American agriculture. I want to reassure you that the President's Budget maintains the three-legged stool of farm payments, crop insurance, and disaster assistance. However, in keeping with the President's pledge to target farm payments to those who need them the most, the budget proposes a hard cap on all program payments of $250,000 and to reduce crop insurance subsidies to producers and companies in the delivery of crop insurance. Crop insurance costs have ballooned in recent years from $2.4 billion in 2001 to a projected $7 billion in 2009. The President's 2010 budget would rein in these costs by saving over $5.1 billion over the next 10 years. While the budget includes a proposal to phase out direct payments to the largest producers, the Department is prepared to work with Congress and stakeholders as these proposals are considered.

FARM PROGRAMS:

To better respond to the nation's economic troubles, USDA took swift action to implement the Farm Bill, and we will continue to move rapidly to implement the remaining portions of the Farm Bill. To that end, the 2010 budget requests an increase of $67.3 million to continue the Farm Service Agency's IT modernization effort and activities necessary to stabilize its legacy computing environment. This funding will supplement the $50 million provided in the Recovery Act for FSA's IT needs. The combined funds from the Recovery Act and the 2010 budget will allow us to continue to make progress in improving the delivery of farm program benefits, the security of producer information, and the integrity of taxpayer dollars by reducing the potential for erroneous payments. However, additional funding will be required in subsequent years to complete the stabilization and modernization efforts.

FARM CREDIT:

USDA's farm credit programs provide an important safety net for farmers by providing a source of credit when they are temporarily unable to obtain credit from commercial sources. ARRA provided substantial assistance to address the tightening of credit in rural areas as a ripple effect of the Nation's overall credit crisis. Because the demand for credit is still high, the 2010 budget requests funding to support $4.1 billion in direct and guaranteed farm loans, an increase of $0.7 billion over the 2009 on-going level.

CROP INSURANCE:

For the Risk Management Agency (RMA), the budget requests $80 million, an increase of $3 million over 2009. RMA manages the Federal crop insurance program in partnership with private sector insurance companies. This partnership has been very successful in increasing participation; however, potential instances of fraud and abuse within the crop insurance program continue to be identified. The President's budget includes an increase of $1.8 million to provide RMA the resources necessary to address critical compliance needs identified by the Government Accountability Office, the Office of Inspector General, and others. This funding will help to improve the transparency of the crop insurance program and identify those producers, agents, and other program participants who would knowingly defraud the Government.

CONSERVATION:

The Administration fully supports partnering with landowners to conserve land, protect wetlands, improve wildlife habitat, expand hunting and fishing opportunities, and promote other conservation initiatives. In this vein, the proposed budget includes several vital conservation programs, including the Conservation Reserve Program (CRP), Conservation Stewardship Program (CSP), the Environmental Quality Incentives Program (EQIP), and the Wetlands Reserve Program (WRP) that were authorized in the 2008 Farm Bill.

These programs provide a special opportunity to address not only the Nation's most serious natural resource needs but also to facilitate the Administration's goals of increasing energy conservation, improving renewable energy production, and reducing carbon emissions. These programs have also been instrumental in establishing and maintaining USDA's unique partnership with land owners and operators that will be vital to our success in solving or mitigating these serious environmental and energy concerns through voluntary actions.

The 2010 budget reflects a continued commitment to conservation by including nearly $4.7 billion in mandatory funding for those conservation programs authorized in the 2008 Farm Bill. This will support cumulative enrollment of more than 281 million acres in these programs, a 10 percent increase over 2009. CRP, which accounts for more than 41 percent of total funding for conservation programs, is funded at just under $2 billion in 2010. This level of funding will support a cumulative enrollment level of 30.4 million acres. The budget proposes spending $1.2 billion for EQIP, which will support enrollment of an additional 16.8 million acres through cost-share contracts.

Further, the Conservation Stewardship Program (CSP) and the Wetlands Reserve Program (WRP) are funded in the 2010 budget. This includes $447 million for CSP that will be used to enroll 12.8 million additional acres, and $391 million for WRP to enroll a projected 152,600 acres. While the projected WRP enrollment in 2010 is slightly below the 2009 level, it is considerably higher than enrollment levels in recent years including more than double the level enrolled in 2008.

The 2010 budget also includes $907 million in discretionary funding for on-going conservation work that provides high quality technical assistance to farmers and ranchers and addresses the most serious natural resource concerns. This includes discretionary savings of $75 million from the elimination of duplicative programs and programs that are not as high a priority of other programs, including the Resource Conservation and Development Program and the Watershed and Flood Prevention Operations Program.

CIVIL RIGHTS:

Ensuring equitable treatment of all of our employees and clients is a top priority for me. The 2010 budget includes increased resources to improve our efforts to ensure that all USDA employees and constituents are treated fairly. For too long, the Department has been known for prejudice and discrimination in its employment practices and program delivery. Such practices will not be tolerated while I am Secretary of Agriculture. By holding each USDA employee accountable for their actions and through the implementation of my recently announced civil rights plan, we will strive to make the Department a model agency for respecting civil rights. In support of these efforts, the 2010 budget includes funding to address program and employment complaints of discrimination and to increase the participation of small, beginning, and socially disadvantaged producers in USDA programs.

OUTREACH TO UNDERSERVED CONSTITUENTS:

Another key initiative is expansion of outreach to underserved constituents. The 2010 budget includes funding to support establishment of the Office of Advocacy and Outreach authorized in the 2008 Farm Bill. This office will increase the accessibility of programs to socially disadvantaged producers, small-scale producers, and beginning farmers and ranchers and will provide them an avenue for input into the programmatic and policy decisions to improve their viability and profitability.

The budget also provides the funding necessary to support enhanced government-to-government relations and improve Tribal consultation and outreach activities related to USDA programs. This will enhance USDA's understanding of the diverse needs of Indian Tribes and the impacts of programs on Tribal organizations and communities.

DEPARTMENT MANAGEMENT:

In addition, the budget also supports efforts to improve the management and oversight of Departmental programs. Increased funding is being sought for management priorities, including:

- Instituting a Department-wide cyber security initiative to eliminate critical vulnerabilities that threaten the integrity of the USDA network and the security and privacy of Departmental systems and information. The budget includes an increase

of $45.8 million to ensure that USDA can reliably deliver its broad portfolio of programs in a secure IT environment.

- Providing oversight of program delivery by conducting audits and investigations and limiting fraud, waste, and abuse throughout USDA.

- To make USDA more open and its processes more transparent, the budget includes funding for enhanced communications capabilities; tools for improved public access to the appeals process; and additional oversight to improve USDA reporting to the public on programmatic spending.

CONCLUSION:

We have begun the process of making tough decisions about where our priorities lie and have made some tough choices about where we spend our resources. These choices reflect the new direction the President wants to take the country at this historic time -- a track that takes the Nation on the path to recovery and provides the foundation and diverse opportunities for farmers and ranchers to succeed.

That concludes my statement. I will be glad to answer questions you may have on our budget proposals.

Ms. DELAURO. Thank you very much, Mr. Secretary. It would appear that we have started the process for three votes. So we will start to move to questions, and we will strictly adhere to 5 minutes, and that includes myself so we can get this hearing off the ground.

WIC

Let me just address the WIC program. The budget requests $917 million for the WIC program. It is a program as you state, $7.8 billion. $625 million is requested to support an average monthly participation of approximately 9.8 million women, infants and children.

The question that I have is about what appears to be a lack of justification included in the budget for the proposed increase of $162 million for WIC reauthorization program improvements. The budget says the administration will use these funds to implement program improvements which could include expanding types of education and counseling services, developing additional State infrastructure, enhancing program efficiency.

It is a large increase with little justification. Can you give us a concrete plan of what program improvements you are proposing with this $162 million increase?

Let me just deal with a follow up on the contingency fund so you can answer both together. There is a request for $100 million for WIC contingency. There is already an estimated $650 million in the WIC contingency fund for fiscal year 2010 from carryover provided in the Recovery Act. The contingency fund has historically been funded at $125 to $150 million each fiscal year. Why do you think $750 million is needed in the contingency fund for 2010?

Secretary VILSACK. Madam Chair, with reference to the additional resources for WIC on program improvements, what we are interested in doing is that we expand our efforts to educate expectant moms and young moms on the breastfeeding opportunities and other nutritional opportunities that they must know about in order to be able to start their children's lives in a nutritious and effective way. So first and foremost, this is about expanding educational opportunities and making sure that nutrition is part of the process of making sure that as people sign up for WIC that they are well aware of the various programs that are available and the nutritional opportunities that are available.

I can also suggest to you that we are working with States to make sure that we continue to identify those who qualify for the program. We are looking at creative and innovative ways to get the message out. We are partnering with local farmers markets, for example, to make sure that folks are at the local farmers markets, encouraging people to sign up, developing discount opportunities and ways in which we can encourage fresh fruits and vegetables to be part of the steady diets of women, infants and children. So this is education, expanded access, and greater emphasis on nutrition.

WIC CONTINGENCY FUND

As it relates to the contingeny fund, I think what we are attempting to do is to make sure that we don't do what we have done in the past, which is to come back repeatedly when the economy—

we expect and anticipate the economy to improve at some point in time, but it is fairly clear that most projections have unemployment rising. If unemployment rises, there is always a significant need for a number of services, including this one. We just want to simply be in a position where we are not coming back to Congress repeatedly asking for more resources when we have underestimated the number of people who are in need of assistance now.

Ms. DELAURO. Just a quick follow-up on that. The highest contingency level previously needed to keep the WIC program running was about $387 million. That was 2008. Do you think the economic situation in 2010 is going to be twice as bad as 2008?

Secretary VILSACK. Well, I think there are a number of factors. We obviously are hoping that by the end of this year, we see a significant improvement in the economy. Employment may not necessarily completely parallel that growth and that recovery, and so there may be continued need in 2010. We also, I think, have to realize that we are changing the makeup of the food packages for WIC, and we are changing the combinations of what we are essentially providing.

There may be impacts and effects that we have not totally calculated or, which is what Joe has given me a note here, food price volatility. That is always—so it is a combination of not knowing precisely when the recovered economy will reflect in ordinary people's lives, combined with food costs, that could create problems where we are coming back to you repeatedly for assistance and help. We are trying to do as best we can estimating what our needs are.

Ms. DELAURO. I would ask you just to keep in touch with us on this $162 million increase and what this outreach—this expanded access in education is about. So I think the subcommittee would be interested in those efforts.

With that, Mr. Kingston.

2010 PROPOSED BUDGET CUTS

Mr. KINGSTON. Mr. Secretary, I wanted to try to find out where the administration is on these proposed cuts. I am interested in them. Anything to reduce this budget I think is important. But I wanted to find out how many of them are real and how many of them are just the annual proposals.

For example, we have mandatory user fees for Food Safety and Inspection Service and APHIS and the grain inspection as well, and so what I would like you to do is maybe on a scale of one to 10 tell me what the intensity level is of the administration in terms of using political capital and fighting it.

The reason I say that is the President made a big deal about, send me a bill with earmarks, then I am going to reject it, and then we sent him an Omnibus Bill that had lots of earmarks and he signed it and did something real unusual for this administration; they blamed it on George Bush. So not to inject partisan politics here.

But here is my question to you. Okay. Cotton storage, got a lot of bipartisan support on that. Like on a scale of one to 10, is this a 10 in intensity?

Secretary VILSACK. Congressman, here is why this was proposed and so that you can tell from our response that this is a serious proposal. This has been—the only other product that has this kind of support is peanuts, and the peanut support is very contained and very limited, and only under limited circumstances is it triggered.

So this essentially creates the potential for distorting the market because you may end up having cotton stored far longer than it would otherwise be stored because essentially the government is paying for it. So, as we look at this program, it does provide a unique benefit to one commodity, and so we felt that it was appropriate and necessary to put this on the table.

Obviously, we recognize your role in this. We appreciate you are not just going to simply pass the President's budget. You are going to examine it. You are going to look at it. You are going put your stamp on it. We want to work with you. But there is a reason behind this proposal, and I think it is a legitimate one.

Mr. KINGSTON. The sugar program, for example, is sort of always ignored, and a lot of that comes through Commerce because there is a tariff. But Americans pay a higher price per pound for sugar because of a USDA program. Even though it doesn't—there is not a tax mechanism directly, it does cost them more, so I want to say cotton is the only commodity and one of the few commodities——

Secretary VILSACK. I want to make sure I am clear about this. I am not suggesting that there aren't—I am saying for this kind of storage situation, cotton and peanuts are unique.

Mr. KINGSTON. All right. Payment limitation, lot of debate, Senate kind of rejected that. Do you think that is going to survive?

Secretary VILSACK. We are willing to work with Congress on this. I think, again, when we looked at in an effort to try to be cognizant of deficits and the concern that you all legitimately have about deficits, we looked at the fact that 3 percent of America's farmers were at the threshold that we proposed. There has been a lot of conversation about whether or not it ought to be adjusted in terms of adjusted gross income, as opposed to gross sales. We are certainly happy to look at that. We are also certainly happy to look at the hard cap the President did campaign on of $250,000 by essentially limiting the loan programs to $145,000. That is a per entity cap. So that does provide a strong part of the safety net.

In addition to that, you have got the new disaster programs that will be implemented. In addition to that, you have crop insurance, which is expanded now to 350 different products and substantial subsidies involved with that.

So we see a strong safety net, and we simply ask the question whether or not there are ways in which that safety net can still do its job and at the same time be fiscally responsible.

Mr. KINGSTON. What about RC&D, elimination of that? That actually had been proposed by the Bush administration and did not go very far.

Secretary VILSACK. These are very hardworking folks around the country that are providing a service and have been doing that since the late 1960s. When it was first established, the idea was that this would be a transition program eventually transitioning to local and State financing. The principal beneficiaries of this program

now are, in fact, local economic development efforts and State economic development efforts. We think there are ways for State and local economic development resources to be used to continue this important responsibility perhaps truer to the initial intent of the program. That is why it has been proposed, and again, I think there is a legitimate reason for at least bringing this before you.

Mr. KINGSTON. Thank you. In my 15 seconds I have left, the earmark elimination, how do you think that is going to fare, just handicapping it? And I will say this. I believe that Congress has reformed earmarks substantially in the last 2 years.

Secretary VILSACK. Let me respond this way. We have significant research needs in this country, and what I think is needed is perhaps a better dialogue and better level of communication between an administration and a Congress, not necessarily this administration and this Congress, but just generally speaking, because when each body sets their own separate priorities, it creates conflict.

And I think what the President's trying to suggest is a process by which we work together and communicate together and establish joint priorities which I think at the end of the day, reduces conflict and perhaps provides better utilization of our resources.

Mr. KINGSTON. I know I am over time. I am looking forward to working with you on this. I appreciate it.

Ms. DELAURO. I am going to call the recess for the committee. We have three votes and ask people to get back here as quickly as possible.

[Recess.]

Ms. DELAURO. The hearing will resume. Thank you. It got a little longer than three votes, but thank you very much for your patience. Let me now recognize Mr. Alexander.

FOOD SAFETY INSPECTIONS

Mr. ALEXANDER. Thank you, Madam Chairman. Mr. Secretary, good to see you. My question is a little earlier in your presentation you said something about an increased amount of money for food inspection. Let's us talk about that a little bit. I signed a letter with others not too long ago relating to the subject of catfish or fish imported. What assurances do we have when you say food inspection, catfish or other fish, coming from other countries. How well do we inspect those facilities, and do we inspect all of them?

Secretary VILSACK. I wasn't sure whether you were finished. We are in the process as you know of making a determination as to precisely what the definition of catfish will be. For purposes of inspection, that has not yet been finalized and we understand and appreciate that there is some interest in that definition how broad or narrow it is. I think our responsibility is to ensure American consumers that the food that they consume is safe. And so part of that means that you have to have adequate people and adequate numbers of people to do the job adequately. It also means, as the chairwoman discussed briefly earlier, a review which is undertaken right now at the direction of the President and a food safety working group where the Department of Health and Human Services and USDA are trying to improve food inspections generally in our safety system generally.

We are not pleased, and I suspect you aren't either with the number of people that have food-borne illness incidences each year, the number of those who are hospitalized and the number who die. So how do we know whether we are doing a good job? I suppose one way to measure it would be if we saw an increase or a decrease in those numbers that would suggest that we either had more work to do or we were on the right track.

Mr. ALEXANDER. Well, when we say "inspection," do we actually send people out to locations where these fish might be raised in the fish ponds, so to speak?

Secretary VILSACK. The law requires inspection not only to cover the slaughter and processing of the catfish but also to take into account the conditions under which the catfish are raised and the conditions in which they are transported to a processing establishment. So this is a relatively broad authority. It is broader than we have for other products that are under our jurisdiction. So we are in the process of working through how that is going to be done.

Mr. ALEXANDER. Okay, sir. Thank you, Madam.

Ms. DELAURO. Thank you, Mr. Alexander. Mrs. Emerson.

Mrs. EMERSON. Thank you, Madam Chairman. I would like to just momentarily refer back to the remarks when you and the Secretary were discussing the WIC program and point out to the two of you that in one of my counties, Wayne County, Missouri, our health department, our public health department that actually works with our WIC recipients in that county, has done a cooperative program with the University of Missouri extension to teach all of our WIC recipients how to do their own garden, grow their own garden, preserve, can, freeze vegetables and other smaller fruits so that they are able to supplement their WIC diet. And it has turned out to be just a remarkable and a very positive thing. Because not only are they learning a new skill, but they are also able to then have good wholesome vegetables. And it is just something that I think we should talk about promoting beyond that. Out of my 28 counties it is the only county that does this, but I talk about it everywhere because I just think it is a great idea.

Ms. DELAURO. It is a great model and we ought to talk some more about it.

Mrs. EMERSON. And there is no taxpayer money involved, which is even better. But it is something that is really important. And the skills that our extension people bring to this service for WIC recipients is remarkable. So anyway, thanks. I just wanted to mention that while it was in my mind.

NATIONAL ANIMAL IDENTIFICATION SYSTEM

Secretary Vilsack, last year when your predecessor was here we asked him some very pointed questions regarding cooperative agreements and the animal identification program. And the data that was provided by the Department, it was interesting. And just, for example, in Missouri, it showed that USDA had spent roughly $120 for each premise enrolled in the program, whereas in Montana, it was $1,200 per premise. And the reason I am asking this issue, or raising it is while these numbers are troubling, I don't think they should be at all that surprising. And I think you probably heard when you were in my district yesterday there does re-

main a significant concern, and even a fear among many livestock producers as to what type of animal identification system Washington might produce.

And obviously, it is hard to blame our producers for their hesitancy in enrolling their premises. I think all of us would probably be pretty hesitant to sign up for a government program when we don't know what the government program is going to look like. And so—and even when FSA rolls out a new program, or when we are implementing the new Farm Bill, we don't really enroll until we have the program. We have the regulations, our county directors understand how it works. But we are asking producers with the NAIS to sign up kind of on a wing and a prayer if you will. So I am thrilled that you are holding listening sessions. And I hope that you will take to heart what you are hearing and the fear, and certainly the uncertainty that many producers in Missouri have.

But I know that you all have requested $14.6 million for the NAIS program this year which is level funding. Will you describe to us what this funding will be used for and specifically if it will be used to continue providing funds for our state agriculture departments to drive premises enrollment?

Secretary VILSACK. Well, thank you for your question, and it was a very enlightening listening session that I had in the State of Colorado this week which was the second of a number of listening sessions that we are going to undertake. And it does indeed point out the complexity of this particular program. I think that there is a good level of dissatisfaction with the program at very many levels; either a lack of understanding as to what the purpose and intent is, the fact that there are distinctions between types of livestock in terms of a compliance, the distinctions that sometimes can take place within certain types of livestock in terms of do you graze on public land, do you graze on private land.

And so there is a need for a detailed understanding of the complexities. What we are proposing here is for the current budget year relatively status quo because we are in the process of trying to determine what, if any, changes need to take place so that we have greater compliance with the system. I will tell you that I don't know the answer to that yet and would not know it because I haven't completed the listening sessions but would say this. My concerns are two-fold. First and foremost is animal health. We want to make sure that whatever system we set up is focused on animal health. And secondly, we want to make sure that we maintain the integrity of the market.

I think we have seen most recently with a number of products and the H1N1 that markets can be devastated and impacted by problems. So what I am looking at is making sure that we have got a system that preserves as best we can animal health and make sure that we preserve the integrity of the market. And how that system is going to look, I will know more after I finish the listening sessions. But it has been very interesting, I have learned a lot and I think we will look for creative and innovative ways to improve this program.

Mrs. EMERSON. I appreciate that because a lot of times people undertake listening tours having already made up their mind, and I can tell that you haven't, so I appreciate that very much.

Ms. DELAURO. Mr. Bishop.

RESEARCH EARMARKS FUNDING CUTS

Mr. BISHOP. Thank you very much. And again, welcome, Mr. Secretary. I am delighted that you are back with us. And we do have a budget that we can talk about this time. I have a number of concerns and issues with respect to the budget for 2010. Particularly relative to the Cooperative State Research, Education, and Extension Service funding cuts. I am sort of disappointed in the approach and the methodology which has been used in really proposing the Draconian reductions in some programs that are really vital to my district and to others here on the panel that Cooperative State Research, Education, and Extension Service reduction is about 22 percent for all of the programs.

The special research grants have been effectively eliminated for most of the ongoing research activities as well as the proposed research projects in my area, including projects for cotton insect research, blueberry production enhancement, water use and water quality and a national peanut laboratory's activities with regard to water research efficiency. Can you explain why this program has taken such a tremendous hit? And the second part of my question has to do with funding for the 1890 colleges, universities and Tuskegee University which remains flat at $46 million, yet the funding for the other higher education programs increases by a total of 70 percent to $80 million.

While the disparity in the two given the disparity in funding that already exists and has existed historically between the 1890s and the other land grant universities, particularly over the last 8 years.

Secretary VILSACK. The answer to the question that you posed is somewhat akin to what we earlier discussed as it relates to earmarks and the capacity and determination of what priorities are in terms of research. The $168 million of reductions in the research funding was essentially a reduction of earmarked funding replaced by $139 million in increases in what we perceive to be priority research in additional pay. So the bottom line is a $29 million reduction. We are focusing additional resources in other areas of research that would explain why we are limiting this research to be able to fund research on renewable fuels, climate change, some rural revitalization, some education, some obesity prevention. This is a way which we set out priorities.

Now, I will be the first to admit that we did this budget in a relatively short period of time, as I know you appreciate. And we just yesterday, I believe, got the Under Secretary for Research confirmed by the Senate, and I really want to give that individual an opportunity to look at all of the programs in a more extensive way, which is one of the reasons why we don't have additional resources for buildings and facilities.

Mr. BISHOP. Who was that individual?

Secretary VILSACK. Dr. Shah. Dr. Shah comes to us from the Gates Foundation, he is a medical doctor, and I think you will find him someone that you can work with and someone who understands the importance of research.

Mr. BISHOP. So the child nutrition and obesity research is increased, ongoing, reduced? It is my understanding that is reduced.

Secretary VILSACK. It is increased. As it relates to the 1890 colleges and universities, my understanding, and I could be wrong about this and would ask Scott, the $70 million that we are proposing as an increase is in a lot of different areas which would include potentially additional resources for minority serving institutions. So that $70 million has yet to be completely allocated.

Mr. BISHOP. I thought it was 70 percent. Was it $70 million?

Secretary VILSACK. $70 million. As you know, the Congress established the National Institute of Food and Agriculture that sort of rolls all of these programs into a new institute for a new focus. And we provided an additional $70 million designed to try to put resources into those rural—into a number of different areas, including grants for science educators, additional resources for the 1890 colleges and universities, as well as——

Mr. BISHOP. My time is about up, so on the next round, I am going to come back and ask you to talk about the Office of Civil Rights and the small and disadvantaged farmer programs.

Ms. DELAURO. Mr. Latham.

CONSERVATION PROGRAM CUTS

Mr. LATHAM. Thank you, Madam Chairman. And welcome. I always want to call you Governor, but it is Secretary. I guess I am a little bit confused. I know there is a lot of talk about legislation as far as climate change and environment. And I am very concerned about the effect that things like that will have on agriculture. And I look at the budget proposal. And in conservation programs there is some pretty major cuts as well as the Wetlands Reserve Program, a cut of $280 million, EQIP program $250 million cut, Ag Management Assistance $5 million, Wildlife Habitat Incentives Program $43 million, Healthy Forest Reserves Program $5 million, Farmland Protection Program $30 million, Watershed Rehabilitation Programs $30 million, there is another $267 million out of NRCS as far as direct appropriations. I just don't understand the cuts and programs that are very beneficial as far as soil and conservation, how we can justify that, and where the money is going, I guess what I would ask?

Secretary VILSACK. I appreciate that question. And allow me an opportunity to respond to your question and the concerns that the Chair expressed as well. First of all, I think it is important to point out that our budget does propose an increase in the total number of acres that will be enrolled in various programs that would fall within the rubric of conservation. Whether it is CRP, whether it is EQIP, or the other programs that you mentioned. In the past in 2009, we anticipated 178.5 million acres in EQIP. Our budget would propose increasing that to 195.3 million acres. In CRP, as you know, we have got a slight decrease.

In all other conservation programs, we are going to see an increase from 41.3 million acres to 55.4 million acres. And you say to yourself, well, how can you increase the acres and reduce the money. Well, the reality is the monies that were being appropriated were not always expended because of demand. For example, let's take the wetlands program. We are proposing 155,000 acres in that program. Well, we haven't topped 150,000 acres for all of the years, even though financing was provided for more than that.

So essentially, what we are trying to do is we are trying to match the budget with reality in the field and trying to match the budget with the number of acres that we actually will see enrolled. And I think hopefully you will find some solace in the fact that overall, the number of acres enrolled will be 280 million acres total, and we will spend $4.8 billion in compensation benefits and conservation benefits.

Mr. LATHAM. What is authorized level of acres in CRP?

Secretary VILSACK. It is 32 million acres.

Mr. LATHAM. And how do you get to 55?

Secretary VILSACK. No, no. The acreage for CRP is, on this chart I am looking at, is 30.4. It is actually going to be closer to 32. We actually just extended offers.

Mr. LATHAM. I thought you just said it was 55?

Secretary VILSACK. No. 55 is all the other programs. You have all the other programs, you have got CRP and you have got EQIP. A total of those three categories is 280 million acres, which is an increase of about 36 million acres, additional acres.

Mr. LATHAM. And how do you do that again with less money?

Secretary VILSACK. Well, because it isn't that we have less money, it is that we are going to be spending—you have authorized money but not all of it was spent because we couldn't get enough interest in some of these programs. So what we are trying to do is align the programs with the amount of money that actually will be spent and the number of acres that we realistically think will be enrolled. So we realistically think for the Wetlands Reserve Program, 155,000 acres would be a good goal since we haven't topped 150,000 acres in all but one year in the last 5 years. So that is the reason.

INDIRECT LAND USE

Mr. LATHAM. Okay. Good luck. One question. And I know the authorizing chairman brought up the issue last week I think in a hearing with the EPA and charging indirect land use into the count for ethanol production as far as carbon credits and all those things. What is your position on that? And also I may also ask on ethanol if you see the EPA changing their standard?

Secretary VILSACK. Congressman, again, thank you for that question. I think the most important announcement relative to indirect land use was the fact that the EPA also simultaneously indicated they were going to have a peer independent review of their formulation and calculation, which I think was very, very important and something that we from USDA and others within the administration urged to make sure, because we are plowing new ground here as you know, and we want to make sure that as these calculations are formulated that we really are doing them correctly and properly and that we don't do them in a way that will, at the end of the day, damage this industry irreparably. So that is a concern.

So the peer review I think is an appropriate step, and I appreciate EPA willing to do that. We also have advocated and encouraged EPA to take a look at the blend rate. And we are encouraged by the action taken recently in asking for comments on raising the rate to anywhere from 11 to 15 percent. And we are hopeful that in a relatively short period of time, based on Washington stand-

ards, that we see some positive steps from EPA in respect to that blend rate. That is an important consideration. And we also appreciate the President's commitment in establishing the interagency working group, that will allow us to look at ways in which we can grow this market and support this market from farmer to gas tank and beyond.

Mr. LATHAM. Thank you, Madam Chairman.

Ms. DELAURO. Thank you. Mr. Hinchey.

FOOD SAFETY WORKING GROUP

Mr. HINCHEY. Thank you, Madam Chairman. Secretary, thank you very much. I think that—well, I know frankly, that this particular committee, especially under the leadership of this chairman, has been focused on a number of things, including food safety. And I think that that is something that the President is also focused on, I am sure it is something that you are focused on. He established the food safety working group initially. And I am wondering if you could tell us what kind of progress is being made, what are the intentions, what ways in which that food safety working group is going to move forward to try to bring about serious food safety in the country?

Secretary VILSACK. Well, first of all, let me thank the Chair and this committee for the work that you all have done in continuing to press this issue. And I think the fact that there is legislation pending on both the House and Senate side and it is bipartisan I think is an important first step. And the President acknowledging that establishes the working group and before the Secretary of Health and Human Services was confirmed, we began a process of staff working jointly through USDA and Department of Health and Human Services.

I think it was an important signal that we were going to coordinate our efforts in an effort to try to establish principles. Today we had our first listening consultation session with industry leaders, congressional leaders, experts in this field asking for their input on a number of principles. Let me briefly touch on the principles. I think there is a growing belief and understanding that we need to focus on prevention as sort of the core of whatever food safety system we establish, which means more research standards both at the local level and also international standards that are followed. We need to strengthen surveillance and risk analysis. That means we have to focus on good data. And that is important in terms of collecting data, analyzing it and then utilizing it.

Quality monitoring as a result of that data and constant and consistent surveillance. And expanded risk-based inspection enforcement procedure that provides for an array of potential enforcement mechanisms that are consistently applied and that focuses on pathogens. I mean, the reality is that sometimes the science has been ahead of us and these pathogens, as the Chair indicated earlier today, are way ahead of us and we need to play some catchup. And a rapid response to outbreaks and the facilitation of recovery of whatever industry is negatively impacted by an outbreak, which means quick ID, rapid response, reviewing for mistakes made, making sure that we coordinate our response and that we are consistently and constantly communicating within departments.

And then finally recognizing that resources are not unlimited we want to make sure that those resources are adequate, but also targeted. And so I think what you are going to see is a set of recommendations to the President consistent with the legislation that you all are considering that is centered on those principles.

FOOD SAFETY REGULATIONS

Mr. HINCHEY. Well, thanks very much. The issue of food safety is becoming increasingly important across the country because of the fact that it is being so destructive. The fact that food safety has downslided so much that a great many people are dying as a result. Some of the States now are moving forward on trying to set up regulations. Do you think that the USDA will be in a position to set up a system of regulations across the States that will satisfy States generally?

Secretary VILSACK. Well, I think the first step in that process is to make sure that we coordinate our efforts initially at the outset with state and local communities. And I think that USDA is in a particularly unique opportunity to do that because we are already in so many of these communities in all States in a variety of ways on the ground. And we actually have a relationship with a number of States where we are essentially providing resources for inspection. So I think we have a good relationship. Obviously it can always be improved. And I hope with this new approach and this coordinated approach with Health and Human Services that it will improve.

FACTORY FARMS

Mr. HINCHEY. We hope so too. And it sounds like it will be, and that is a major step forward. I just want to ask you in the few seconds I have left, one specific question with regard to that particular issue. It has to do with the animals that are raised in these large farms, the factory farms of various kinds, how they are jammed up close together and in very, very nasty circumstances. And part of that is the results that occur with these animals and the huge amount of disease that is flowing across that occurs out of that. Now, do you think that there is a process now of advocating that these factory farms reform the way which they operate, stop allowing these animals to come so close together?

What they are doing is they are using antibiotics on factory farms in order to bring about antimicrobial circumstances for these animals. And that in and of itself is causing some substantial health problems in many places. Is any focus on this right now?

Secretary VILSACK. Yes, there is. We are working with the Food and Drug Administration to make sure that we focus on a science-based system. We are working closely with the FDA on both animal and public health. I would say that we are working to make sure that sound animal management practices are the standard. And I would say, in fairness, I think the vast, vast, vast majority of farmers who are raising livestock are very sensitive to this, and they are sensitive for a number of reasons. First and foremost, they are concerned about the safety of their consumers. Without consumers, they don't have a market; without a market, they don't make money.

And so I think that the vast majority of folks are sensitive to this. And I think you are beginning to see greater sensitivity. I met for example—this is a little bit far afield from your question—but I met recently with the egg producers. And they are in the process now of voluntarily taking a look at ambient air quality around the facilities. They weren't required to do this, they are doing it on their own because they are sensitive to the concerns that you have raised. So I think you are seeing an increased sensitivity by the industry and I think the vast majority of people in the industry are sensitive to this and are working hard. And I think the government, I think we have a new spirit of cooperation between USDA and HHS and FDA, and I think that new spirit of cooperation will ensure that we are doing what we need to do to protect folks.

Mr. HINCHEY. Mr. Secretary, thank you very much.

Ms. DELAURO. Mr. Davis.

RURAL SINGLE FAMILY HOUSING

Mr. DAVIS. Mr. Chairman, thank you. The rural America that I grew up in doesn't exist today. The rural America I grew up in was void in many cases of rural housing opportunities for folks who worked off the farm but still did some farming. The rural America I grew up in 60 years ago didn't have rural waterlines. The rural America I grew up in, in many cases, didn't have the resources or research available to them that we have today. I believe that USDA and the agriculture and what we spend on agriculture has been a blessing to the American consumer; cheap food, good quality and generally safe.

When you look at some of the rural areas where small towns are located, generally each of those have a housing authority or agency that provide housing for folks who basically live inside town. But in many cases, rural families in the last several years have been void of an agency called Farmers Home Administration which, in many cases, have helped with 502 housing loans through interest credit as low as 1 percent, the 515 housing rural rental housing loans that are available.

So one of the first questions I want to ask, and then I want to get to food, as I look at this budget, and I don't see what I believe is adequate funding to provide some direct loans to families at say just the interest credit, the 1 percent loan. I know now we give subsidies up to 20, 24 percent based upon the income. But I believe the program needs to be expanded. Do you see an expansion of the 502 program which can provide individual housing for families that don't have a source today to be able to obtain funding for a loan?

Secretary VILSACK. We were certainly appreciative of the additional resources that this committee and the Congress provided in the Recovery Act. And we put those resources to work immediately because there was a backlog. So to your point, there was a backlog obviously because we weren't adequately funding the program. But fortunately because of the resources that were provided we were able to put them to work and we created 28,000 homeownership opportunities that might not otherwise have taken place, or certainly wouldn't have taken place as quickly as they are. With the budget that we are proposing this year we are looking at $1.1 billion in direct assistance and $6.2 billion in guaranteed single family loans.

This is the same level as was provided in 2009, and will, in our view, provide 59,000 housing opportunities within the country. We are hopeful that we can work with private lenders and encourage them to get back, so to speak, in the market. Having traveled recently to a number of States, I know that there are some real concerns about whether or not those private lenders are going to get back in the game. We hope with this level of funding that they will. 59,000 home ownership opportunities, I think, is fairly significant.

Mr. DAVIS. The guaranteed program obviously has especially been what has been the driving focus for individual housing in rural America through local banks. I do believe that we need to sit down and have a more serious talk about direct loans for individuals who may not be able to—who just drop below that level where they did not obtain housing. I see through my district, as I travel, many dilapidated homes that are not adequate living conditions. And a lot of those are rental units. I just hope that we can talk about that and I would like to engage with you. My time is running short.

INTERNATIONAL FOOD ASSISTANCE

The second thing I want to ask about, as we look throughout the world today we see a lot of hunger. And I am extremely pleased when I see a cargo plane being unloaded and it says USAID or USA. In essence, we are shipping food to places throughout the world where folks are hungry. Today, probably in Pakistan, those 300,000-some-odd refugees will be getting food grown by some farmer in America. We have what, a $13 billion surplus, probably the only part of America's economy that has a surplus in trade. And so I want to ask you about are we doing enough in our role in the international food security such as the McGovern-Dole Food For Education program. Otherwise, to be sure that do we need to enhance those programs, are we spending adequately? Because I think that is an area where the national security can be greater for us and whether we become probably more embraced with people throughout the world if they see us helping.

Secretary VILSACK. Well, I appreciate you asking that question. And I would, again, compliment this committee in particular for I think what is a steadfast support for those kinds of programs. You all saw the appropriateness of providing additional money this year for McGovern-Dole which we put to good use, and specifically helping out four African nations and children within those African nations, and expanded the program by several hundred thousand children. We are proposing an increase this year of almost $100 million, for a total amount of $200 million for that program which will assist 4½ million mothers and children around the world to receive assistance over a 3-year period.

And we are pleased to note that a number of countries which we began to assist have seen the wisdom of this program and have adopted their own programs and have become self-sufficient enough to be able to take over that responsibility; Vietnam, Lebanon, two examples for example. I attended the G–8 ag ministers conference on food security, the first time the ag ministers from the G–8 had ever met, and the conference was focused on food security. And we essentially established—and if I can just have a minute of

time—essentially established three components to the U.S. position on food security.

First and foremost, it is about making sure that food is available. And there are three basic components to that. One component is the capacity of a country to grow their own, which is important. The capacity of that country to actually engage in trade, to supplement what they can't grow. And then emergency aid and assistance which is what we are talking about here is the third component. But even if you have available food, it may not be enough unless you have access to that food. Which means that it is important for us to continue work on investing in the infrastructure and the economy that will allow people to purchase food or be able to get food to where it is needed.

And even if you have access to food and even if it is available, if you don't know how to utilize it properly, if you don't have the nutritional information on how to prepare food properly and the like you can still have food insecurity issues. So the G–8 ministers, along with a number of other countries that were at this meeting, have suggested that we make a major international effort in those three areas. And I am pleased that this administration, the President in particular, have voiced—have given voice to this, and this committee has given voice to this. This is extremely, extremely important for national security, not just food security but also national security.

Ms. DELAURO. Just to let the committee know I wanted to make sure that everyone has participated in the first round, so I am going to recognize Mr. Farr. I know you haven't. Mr. Farr, and then we will go back and forth. Thank you.

PLANT PEST MANAGEMENT PRACTICES

Mr. FARR. Thank you very much, Madam Chairman. I am sorry, I haven't been here. I have been running across the floor to Veterans where General Shinseki, Secretary Shinseki is. So it is Secretaries Day here today. Thank you for being here. I am really pleased that you accepted this responsibility. And I think as a governor you really understand how the rubber meets the road. And that is really essential in this job today. One of the things I wanted to ask you about is I represent the Salinas Valley, which is, I think, Salinas Valley is all inside one county in Monterey County, and we do $3.8 billion in sales of 85 different crops. I don't think there is a county in the world that does that many different varieties of crops. Most of them are all row crops and leafy green vegetables. When the E. coli breakout came, it was obviously that we needed to create some protocols in the growing practices that would ensure that pathogens wouldn't enter the food chain.

And the growers, to their credit, came up with a leafy green marketing order which essentially now has a process in which U.S. certified inspectors, auditors, go in and inspect the process. And at the end, if you abide to all these protocols, you get a certified California Department of Agriculture. What is happening, sort of happened before and during this now, is that buyers have started a vicious spiral of one-upsmanship using private third-party auditors that are not necessarily certified by the—they are trained by the USDA.

They require even greater levels of assurances by essentially telling folks, well, you have got to build fences around your fields, you have got to kill every single animal. The growers are coming back and saying, look, our hawk population, our owls, these are our predators that have been very beneficial. And beneficial insects as well, because a lot of them grow sustainable viticultures and things like that by using integrated pest management. So these private buyers are essentially changing not based on science, not based on any good ag practices, but it is based on sort of a corporate knee jerk idea that we are going to make our growers go through tougher standards. And they have to do that or they won't buy their field.

NATIONAL LEAFY GREEN MARKETING PROGRAM

And I am wondering two things about this: What is the Department doing to help create a national leafy green marketing program and what can we do to get the buyers back into essentially following Federal protocols rather than creating their own? Because it is running into conflicts with all of the best management practices, habitat management, it is riparian management. What I have learned from both the cattlemen and the growers is that you make the most money in agriculture when nature can be your partner. We have spent an awful lot of time and years in America trying to fight nature, wipe out everything that is living, make the fields clean, sterilize them essentially and start over again. And that is too expensive. And what you end up with is soils that are not productive and not that sort of beneficial work.

And so those that work with nature, and that, essentially, is the modern agricultural practices, very green style of understanding how to work with nature. And now we have these protocols that are killing everything that we have tried to establish in modern best management practices. And I think it needs real leadership to step in and say to the private buyers out there, the big—you know, they are buying—I mean, McDonald's is competing against Taco Bell and all these companies are trying to say you buy our stuff and we have made sure that our growers grow to some kind of sterile process, it just doesn't make any sense.

Secretary VILSACK. This has been an issue that we have been grappling with, as you know, for a couple of years. AMS published an Advance Notice of Rulemaking in October of 2007 and received 3,500 comments to it. We began the process of trying to formulate a workable plan. We have asked for in this budget an increase of $2.3 million to work with the industry to, indeed, complete the work in developing and establishing and operating a Federal marketing agreement system that will involve quality factors but will also make it within reason. We have been asked to do this by the producers and handlers, and we are in the process of working on this. And at this point in time, we don't have a specific agreement, but we are committed to working with the industry to get that agreement.

Mr. FARR. How much is a carrot and how much is a stick? The industry is trying to get other States to adopt the California method or something similar.

Secretary VILSACK. You know, that is a question I am going to have to ask for additional time to answer because I don't know the answer to that question, but I will follow up, our staff will follow up.

[The information follows:]

USDA's AMS is currently reviewing a request for public hearings on a proposed national marketing agreement for leafy green vegetables, which is expected to be submitted by a coalition of producer and handler representatives of the fresh produce industry in June 2009. As proposed, the agreement would authorize the development and implementation of production and handling regulations ("metrics") designed to support good agricultural, handling, manufacturing, and management practices in the fresh leafy green vegetable industry. Metrics would be science-based, scalable and regionally applicable in order to accommodate compliance of varying size and types of operations.

Mr. FARR. Thank you.

Ms. DELAURO. Mr. Kingston.

BROADBAND PROGRAM BUDGET REQUEST

Mr. KINGSTON. Mr. Secretary, I want to get back to the question on savings. On the broadband increase the stimulus package had, I think it was $2.3 billion, and then you are asking for another increase. And I was wondering why when I am sure that the monies has not even been spent?

Secretary VILSACK. There is a significant need for this country to accelerate in a very meaningful way its implementation.

Mr. KINGSTON. Let me—I mean, philosophically we are not arguing we need to—I mean, give me the dollar and cents, the buyer's decision here.

Secretary VILSACK. Well, we are on track with both the Department of Commerce and the USDA to begin the process of investing the resources that you have provided in the Recovery and Reinvestment Act. We hope to have some kind of framework by June and resources beginning to hit communities in the fall of this year. So we have a very aggressive timetable in terms of making grants and loans under the Recovery and Reinvestment Act.

Mr. KINGSTON. Let me make sure I understand. What you are saying is by October we will have spent—no, you are not saying that I guess. You are saying that within the next year we will spend $4.3 billion which would be stimulus plus what you are asking for?

Secretary VILSACK. That is correct.

Mr. KINGSTON. And in addition to that, Commerce will spend about $3 billion?

Secretary VILSACK. And this will come as no surprise to you that there will still be a substantial need for additional resources because we are so far behind.

Mr. KINGSTON. Does this administration see any role for the private sector and have any fear that this corporate welfare or that there can be an overlap with corporate welfare?

Secretary VILSACK. Well, I think what we are looking at is actually partnerships. If you look at the way in which we are going to structure these grants and loans we will be working in concert with the industry. We are trying to figure out ways to work with them, not against them. We are trying to figure out ways in which we can entice and incent these monies to be leveraged.

Mr. KINGSTON. I would imagine it would be pretty easy. They were paying for themselves, now the Federal Government is going to kick in 50 percent or whatever the percentage is.

Secretary VILSACK. With due respect, I am not quite sure it is that simple. You have got a number of unserved areas where it may be difficult initially to make the business case, but the need is still there. And it is particularly important for rural America. It is important for the following reasons. One, because producers need access to technology so that they have just in time information to be able to make informed decisions. Two, if we are going to focus on microenterprise opportunities in small business development in rural areas they have got to be connected not just to their market locally but to the worldwide market. To do that, you've got to have access to technology. And three, we are way behind, as you know, foreign competitors in terms of implementation of high speed broadband, and we cannot afford to be behind in this day and age.

So I think there is a need, I think we are cognizant of the fact that we have not done as good a job as we should have in the past in investing these resources and we are certainly hopeful of correcting those mistakes.

Mr. KINGSTON. How are you keeping from unjustly and rich in the—this committee has actually had some discussion about the retired Wall Street broker who is living on a mountaintop and wants to pull out his laptop to check his stock portfolios, why should we supplement his broadband?

Secretary VILSACK. Because he is living next to a small entrepreneur who is getting a small business started and needs access to a worldwide market.

Mr. KINGSTON. Well, that is corporate welfare. If he is a small entrepreneur, why should we be running to him to go help him make money?

BROADBAND INFRASTRUCTURE INVESTMENTS

Secretary VILSACK. It is in the same way that we back in the 1930s, we provided rural electrification to farm families because it is a technology that you will need in order to succeed. And we have a long-term return on investment that will be significant and substantial if we do this right.

Mr. KINGSTON. Do you have—I would be interested in how this $9 billion got broken down and why for example it didn't go to the USDA. If we are in a hurry to get it out, why do we create a new program in Commerce when the USDA already had the governmental infrastructure to do the grants?

Secretary VILSACK. I think what you are going to find is that we are working in concert with the Commerce Department and you are going to see a unified application process, you are going to see a streamlined process, you are going to see a process that reflects the complexity of this.

Mr. KINGSTON. But it should be unified and it should be streamlined, in fact, it should be just one agency doing it?

Secretary VILSACK. The problem is that USDA focuses on rural areas. The Commerce Department—there are unmet needs in urban centers, in intercity America in the same way that there is need in rural America. So I think the reason why you divided the

money is so that both areas could be served and both areas could have access.

Mr. BISHOP. Will the gentleman yield?

Mr. KINGSTON. Yes, I would be happy to.

Mr. BISHOP. I don't know if you remember the debate during the stimulus package, but that was a really knockout drag out over who was going to control these broadband monies, whether it was going to be Commerce or whether it was going to be Agriculture. And those of us who represent the rural communities actually we threw down and drew the line that there had to be some control by USDA through rural development in the Rural Utilities Service. Otherwise these underserved communities in rural areas wouldn't get the benefits. And so that is why there was a demarcation so that USDA would have it.

Mr. KINGSTON. I think USDA should have gotten all of it just because it was an unexisting infrastructure.

Mr. BISHOP. Politics wouldn't allow it?

Ms. DELAURO. I think we all agree with the ranking member that USDA should have gotten all the money.

Secretary VILSACK. Well, let me suggest—

Mr. KINGSTON. Let me yield to Mrs. Emerson one minute.

Mrs. EMERSON. Here is one thing. I am thrilled. I would rather give all the money to RUS too, having 28 very rural counties. However, the thing that is a little troubling and kind of confusing to me is, I know RUS is getting a larger piece I guess than the NTIA at Commerce, is that correct? Or is it about equal or is it flipped the other way? It is flipped the other way.

BROADBAND MAPS

However, the Federal Communications Commission has actually been tasked with providing a plan for broadband deployment, if you will, throughout the rest of the country and creating a map for the places we need it, but it is not due for a whole year from now. And that is why I am confused, because I know that you all are going to use this money, and believe me we have a need, and I have lots of people who applied for these grants through RUS. But I am just confused why the FCC then is layered over on top of both NTIA and USDA to create this map when perhaps we should have created that map in advance. I know we have one already in Missouri, so I am not sure it is that hard, but still.

Secretary VILSACK. I think you are going to find that a substantial number of maps exist in States that will make it easier for us to identify where the unserved and underserved areas are and easier for the FCC after we do our work and after we do our investments to figure out where we haven't been able to meet the need or the demand. And I would say in fairness, we have a responsibility to do this job better than we have done it in the past. And that is the challenge that we have laid out to RUS. And I think with the system and the process and the conversations taking place between us and Commerce, I think we are going to do a better job.

Mr. KINGSTON. Mr. Secretary, are you, in your heart of hearts, convinced that there is no corporate welfare here or do you have fear that it could creep into some corporate welfare?

Secretary VILSACK. Honestly, I don't see it that way, I truly don't. What I see is the difficulty with small populated areas where the need is significant and great being able to without government assistance be able to make the business case today for the infrastructure investment. Once the infrastructure investment is made, then the business case is created, I think, to figure out ways in which you can market and utilize that service. I just think it is very difficult. It is a much easier business decision to make to put it someplace where it is less expensive to install and where the rates are more competitive and more profitable.

Mr. KINGSTON. I know I am out of time, but I can't resist saying, so broadband is now an entitlement and a right, is that what I am hearing?

Secretary VILSACK. No, no. I would say with due respect——

Mr. KINGSTON. That is the problem with a 5-minute rule, you can't get into the philosophical discussions.

Secretary VILSACK. To be candid, you have had ten minutes.

Mr. KINGSTON. I have been yielding generously.

Secretary VILSACK. They didn't start your clock right away.

Ms. DELAURO. No, no, no, you were going to say something.

Mr. KINGSTON. No, that is good. We will continue the discussion later.

Secretary VILSACK. I will only say that there is a national need. It is not an entitlement, it is a national need.

Mr. KINGSTON. Close to entitlement.

Secretary VILSACK. Those are your words, not mine.

Mr. KINGSTON. I don't mind adopting them.

RUS (ARRA) BROADBAND PROGRAM

Ms. DELAURO. Mr. Secretary, I will just make one very short comment on that. Our concern on this committee, and it is on both sides of the aisle, as you can tell, is that we have a lot of faith in USDA through RUS delivering these loans and getting to where there is the greatest need. And you are not going to have to answer this. But I am just saying is that we don't want this held up. We have got a stimulus package that is there that is supposed to be moved. We figure that in fighting for that money, that we could get that money out much more quickly because of a developed program than with going through Commerce.

So that is why we are watching as carefully as we can, because that is what it was about. That was what—just we were in danger of losing this money, as you know. I mean, we fought like hell, excuse me, to make sure it was there because we believed that USDA had a better mechanism to do this than Commerce. So that is what we are just watching, and we are going to go vigilant. And we want to make sure that ultimately, the loan money gets out fast and quickly. And the stimulus money is out there to do the job it was intended to do.

Secretary VILSACK. And I think your confidence is well placed because I think we have had an impact on the system, and I think you are going to see those resources on both the Commerce and the USDA out as quickly as appropriate.

NATIONAL ANIMAL IDENTIFICATION SYSTEM

Ms. DeLauro. Well, obviously you can tell we are going to be looking at it and we will be talking to you about it. Let me go back to the national animal identification system issue. Dr. John Clifford, APHIS' chief veterinarian, said before a recent House Ag Committee at an animal ID oversight hearing, "The system we have has not worked. The system has to be effective, and this is not effective." Several questions. Why should we continue, and I would beg the indulgence of the other side of the aisle. Why should we continue the Bush animal ID system? If you want us to keep the system on life support in the 2010 budget, we need to know where you are taking the program, when we will have an indication from USDA as to how it will deliver an effective animal ID program.

Let me add to this configuration April 2009 cost benefit analysis report. Interesting findings. I am not going to go through them all. But the study found that an effective animal ID system would be a valuable tool for protecting U.S. market share for beef exports. The study concludes that countries that fail to provide an effective traceability system will lose export market access. Researchers estimate that a loss of 25 percent of market share loss similar to the South Korean market prior to the 2003 BSE. Discovery in the U.S. would result in producer revenues dropping by $18.25 per head sold. Anyway, the economic benefits that are pointed out in this study, we didn't do the study, they came out of people who know this area and who have come to some recommendations and conclusions. There are positive economic benefits from an effective animal ID system. You also have public-private partnerships.

If we have a mandatory system you cut down the costs because we are not dealing with marketing everywhere in this place. We are also going to get the private sector to pick up some of the costs of this effort as well. What are the greatest impediments to delivering such a system? Since the voluntary approach for 5 years has failed, doesn't the study further make a case for a mandatory identification system?

Secretary Vilsack. There are a number of issues within animal identification, and I will just touch on a few of them. You asked what are the barriers. There is a serious reservation and concern on the part of a number of producers as to precisely how this information will be collected, who will collect it, where it will be stored, how secure it will be and what uses beyond animal identification could potentially be used and whether or not information that is collected is subject to any kind of public disclosure. That is one issue. There is the issue of cost. There is a significant difference between the cost of an animal identification system for poultry, for sheep, for hogs and for cattle. I think it is fair to say, and I could be corrected on this, but I think it is fair to say that the cost of the cattle industry is significantly higher than it is to the other industries. And the question then becomes who bears that cost and who should bear it and what cost is it.

And I have seen some estimates as high as $5 to $6 a head, which is a fairly significant cost to the producers. There are serious issues about how detailed the identification must be and whether

or not when you talk about traceability whether or not you are talking about movements from one field to another or are you talking about movements from where cattle are raised to where they are slaughtered. Precisely what are you talking about. So there are a number of issues that at least I have learned in the two listening sessions that lead me to believe that we need to be more innovative and more creative about this process.

Now, that is not to say that I will, at some point, in time not agree with your observation. I am interested in learning as much as I can because my goal is to have as much participation as possible.

NATIONAL ANIMAL ID SYSTEM

Now, you may say, well, a mandatory system will guarantee participation. Maybe yes, maybe no. If you have serious resistance to a system, you could potentially get yourself in a situation where you don't have as much participation as you need. And it is fairly clear that you need 70 to 80 percent participation or the system is not going to work.

So we are conducting these listening sessions. Madam Chair, we don't expect to drag this out for an extended period of time. That is not our desire. We do want to give all parts of the country an opportunity to participate and to provide input. We have already, in two listening sessions, had 57 presentations. And I think we have half a dozen more of these listening sessions scheduled over the course of the next couple of months.

So our expectation is to get something concluded here relatively soon. It is important. You have identified the fact that there is huge market risk here, if we don't do it right, huge. And, of course, there is an issue of animal disease and the capacity to contain it if it happens.

Ms. DELAURO. I want to make a final comment because I am out of time. And this is information that I received yesterday which I would like to have further conversations with you.

The Canadians, 2001, launched the system; fully compliant by 2002. There are about 10 to 12 companies out there that deal with this issue. Wisconsin: 60,000 Wisconsin livestock farms registered annually since 2004, $12 per farm to run the program. That comes from the—I didn't make that up—Wisconsin Livestock ID Association. Forty million head of Canadian cattle tracked since 2001, 20 cents per head to run the program.

The data is there, and we have to come to some decision here and look at what the accuracies are of the costs involved over the years. They have been overstated to a fare-thee-well. We are now at $142 million, and it is another $14.6 million. And it is hard to justify for the outcome.

And when my colleagues look at outcomes—believe me, if this were some social program somewhere and we had this rate of failure, I suggest to you it would be on the list of programs that are going to be terminated. And you would have concurrence by 435 Members of this body, given this age of looking at cost and what we are spending here.

I will just leave it at that. I would like to have more conversations with you privately about data and information, about costs that are involved.

Ms. DELAURO. Mrs. Emerson.

HUNGER-FREE COMMUNITY GRANTS REQUEST

Mrs. EMERSON. Ditto on the computers, too, yes.

Okay. Mr. Secretary, last week, a report from Feeding America helped lay out a cold fact of life in America: that more than 12 million children in the U.S. are food insecure. And, in Missouri, probably one out of every five children under the age of 5 is food insecure. And while those numbers are from 2005 to 2007, I have to believe based on a lot of anecdotes that I have had from folks in my district with rising unemployment that that number is rising as well.

And so, given our knowledge of the facts, I really believe strongly that now is the time for Congress and the administration to do everything we can to ensure—every effort to maximize resources, leverage funds and ensure that we do not overlook any opportunity to reduce the number of hungry.

This is an area where I believe the $5 million request for hunger-free community grants will be beneficial. And, as you may know, these grants would support communities and efforts to organize local strategies for hunger prevention, especially among children. And I am hoping that these grants will be funded and help find their way to organize and leverage other local efforts.

Mr. Secretary, however, I do believe that we also need to ensure that we are doing all we can on a national level, as well. In your short time on the job, would you say that you have come across anything resembling a comprehensive government-wide strategy to combat hunger in America?

Secretary VILSACK. I think there are elements of a comprehensive strategy. I think the capacity to expand the school nutrition programs, the school lunch programs, working with countless numbers of local organizations to fill in the gaps on weekends and during summer vacation. I don't know that we necessarily have found the silver bullet, but I think there are a lot of innovative and creative ideas out there. And we hope to be able foster more of those ideas, particularly in those gap areas.

I will tell you that the recent school closures with the H1N1 have given us an opportunity to think about what happens if there is an extended period of time when schools are shut down. And we began to talk about what our response and what our responsibility would be. And I think what I learned from that was that, in that circumstance, if we have an extended school closure, we have work to do.

So I think there are elements of a comprehensive plan, but I wouldn't tell you today that, here is what the plan is.

Mrs. EMERSON. Well, you know, just like Secretary Clinton is trying to marshal all of the government resources—and, you know, you have been definitely part of that on the international hunger front. We had that meeting; Rosa was there, and I was there. It was a couple of weeks ago, who knows, but somewhere in the last

couple of weeks. And I was very excited about that, because I thought she had a great handle on it.

Would it be in your ability to be able to do the same kind of multi-pronged strategy and pull everybody together in the room on the domestic front? Is that something that you would support or that you would be interested in doing?

NUTRITION ASSISTANCE

Secretary VILSACK. Well, and I think to a certain extent, not that I have called this or that I have been personally involved in it, but to the extent that there has been a fairly broad group of folks working on the reauthorization proposal, I think we have the workings, the beginnings of that process. And I have had a series of meetings, individual meetings, with a number of groups on this issue of what do you do on weekends and what do you do on summer vacation. I am concerned about that.

I think we have had a real good-faith effort to try to get food to children. We just haven't figured out how to make sure that all of our children are actually, in fact, fed.

Mrs. EMERSON. Yeah. And the fact that we still have 12 million who we know are food insecure is pretty scary, and considering how rich our country is, even the poorest among the poor, as compared to, you know, say, other countries in Latin America, Central America. But it is just mind-boggling—because, you know, some people don't want to go to the food pantry. And, of course, half of the time, our food pantries now just don't have anything.

And the school lunch program is great, but not all kids go to school. And so, you still have all the little ones who, if they are not in Head Start and getting a square meal there, they are left out in the cold.

Secretary VILSACK. That is why WIC is important. That is why the day-care programs are important. That is why the school lunch and school breakfast programs are important.

But I would point out that we have another issue that we have to deal with, and that is, depending upon how those programs are implemented at the local level, it creates the potential for stigma, which discourages youngsters from utilizing the program.

Just today, I had a story of a computer program where you basically put your thumbprint on the computer to verify you are the person who is supposed to get the lunch, and then in big, huge, bold letters it says "free and reduced lunch student." So your kids are going through the line, you are putting your finger up there, and it tags you as a free and reduced lunch kid. And, you know, so what happens is youngsters say, "I don't want even to be part of it. I will just skip lunch."

Mrs. EMERSON. Right. And that is absolutely critical.

But it would be wonderful if we could encourage you to try to put a more formal organization together so we could collectively work on this issue. There are so many resources and so many private organizations, nongovernmental organizations out there working on this issue, and I just feel like if we collectively do it and we have a national campaign, if you will——

Secretary VILSACK. Can I just have an amendment that, if we were going to do this, I think we ought to do both sides of the equa-

tion here. We have an issue with hunger, but we also have an issue with obesity. And it would be helpful, I think, to have a conversation about both.

Mrs. EMERSON. I think it definitely does fit together, because in our more rural areas—as we are sitting here eating Virginia peanuts with how many grams of fat?

Ms. DELAURO. Only one side of the aisle is eating. Thanks, Jack.

Mrs. EMERSON. 140 calories—oh, no.

Thank you so much. But we would like very much, and I would personally like very much, to work with you on this issue.

Ms. DELAURO. Mr. Bishop.

Mr. BISHOP. Thank you very much.

OFFICE OF CIVIL RIGHTS

I had said that I wanted to go back and revisit the issue of the Office of Civil Rights budget. The proposed 2010 budget for the Office of Civil Rights totals $28 million, an increase of about 7.6 percent, including funding for an additional two full-time employees, bringing the total number in that office to 115.

Given the tremendous backlog and the complaints which have yet to be adjudicated, not to mention the cases that are currently being filed, in addition to the ramp-up of the second phase of the Pigford case and the administrative burdens that that will present, I wonder if the Office of Civil Rights needs a significant increase in resources above what is being proposed.

And as an addendum to that, could you share with us how many cases or complaints are currently pending? And, of those pending, how many are internal complaints and how many are external complaints, for example, those submitted by minority farmers or producers?

Secretary VILSACK. Sir, I don't know that I have a breakdown of the specific number of complaints in terms of internal or external. I can tell you that we are reviewing the previous 8 or 9 years' worth of complaints. It stands in my memory that there is somewhere in neighborhood of 13,000, but I could be wrong about that number.

And the reason we are reviewing them is that a relatively small, and I mean a relatively small, number of those complaints were found to be valid complaints or properly filed. So we wanted to make sure that whatever decisions were made were made in the proper fashion.

We have or are in the process of securing the services of some folks who are going to help us go through that process, who, because of their previous experience, will be able to do a fairly good and relatively quick job because they know what to look for in reviewing those files. And I believe we are doing that within the existing budget, this year's budget.

We have requested additional money. We have requested additional money for additional employees and for a record management system. We are hopeful that, with this additional money, that we can also aggressively pursue our congressional mandate to establish a meaningful Office of Advocacy and Outreach in order to prevent future problems.

So our hope is that we have adequate resources to do the job. And if we don't, then we will have to figure out a way to make do. We are very committed to this. And I think we have the people to be able to get it done.

Mr. BISHOP. Let me ask you, the Office of Civil Rights, the director of that office, does he report directly to you, or does he report to the Under Secretary for Administration? What is the chain of command there?

ASSISTANT SECRETARY FOR ADMINISTRATION

Secretary VILSACK. You know, I don't have the flowchart in my mind right now. I will tell you that what we are suggesting is that the Assistant Secretary for Administration be elevated to an Under Secretary so that he can be on the same level as all the of the other Under Secretaries, so when he asks for assistance in promoting civil rights in terms of hiring and promotion and activities within each agency, he is at the same level as his counterparts.

Mr. BISHOP. He would also oversee the other sub-agencies with regard to administration matters?

Secretary VILSACK. That is correct. That is correct.

Mr. BISHOP. Okay. Do you need legislation to elevate that, or will you be able to do it administratively?

Secretary VILSACK. I don't think I can do that administratively. I think that is something that you have the power to do; I don't.

I am just suggesting that it is difficult, if you are trying to tell an Under Secretary of Natural Resources and Environment to, you know, do a better job of minority hiring or to ask questions as to why promotions aren't, you know, equitable, just hypothetically speaking, it is difficult to do that when you are here and you are talking to someone who is, in a sense, a superior, at a superior level.

Mr. BISHOP. Thank you, Mr. Secretary.

I yield back the balance of my time, and I do have some.

Ms. DELAURO. I appreciate that, Mr. Bishop.

Mr. Latham.

Mr. LATHAM. Thank you very much, Madam Chairman.

EFFECTS OF H1N1 ON THE PORK INDUSTRY

Secretary, as you are well aware with the H1N1 outbreak—and, unfortunately, it was called the swine flu and had a—I guess, number one, it really highlights the need for the animal surveillance program and strong animal disease research, but also just the economic hardship that is placed on our pork producers. And I have some people talking about, you know, the bankers saying don't—asking them if they want to sell their land or if they want to sell their sows and things like that.

Is there anything that we can do? I mean, I have had people suggest some kind of a school lunch or government buyout or something to try and help them. Are there any actions we can take?

Secretary VILSACK. We are in the process of taking a look at what our options are. To a certain extent, the flexibilities that this Department has had in the past have been—I don't know what the right word is; "curtailed" is the only word I can think of—curtailed by specific directions from Congress in terms of the allocation of re-

sources that have been, in the past, available. So our options are limited, but we are looking at that limited help and assistance.

I know that we have received a request to purchase $50 million worth of pork. I, candidly, am not sure that we have that kind of flexibility left in the budget, but we are looking for opportunities to help this industry out.

And first and foremost is to preserve the market that exists today by making sure that people characterize this as a virus that is not basically a food-borne virus.

Mr. LATHAM. As far as trade, it has affected that quite dramatically. Anything that we can do on that front?

Secretary VILSACK. Well, there are several things we have done and we are going to continue to do. And some of them have been successful, and we still have more work to do.

Last week, I met with ambassadors from 20 countries, basically laying out precisely what our process is, laying out what the nature of the virus is, the fact that it was not food-borne, that you can't get it by eating pork, that there is no scientific reason or international trade reason for banning pork or pork products. We have been requested to provide letters to these countries, and we are in the process of doing that.

We have seen a good response from Central American countries. They have reopened their markets. We have seen a very strong and positive statement from some of our trading partners, like Japan. We still have work to do with several of our trading partners, including China and Russia.

Mr. LATHAM. Well, I hope when you met you served ham sandwiches or something.

Secretary VILSACK. Oh, I have been doing my personal part, I can tell you that.

Mr. FARR. We eat a lot of pork here, too.

Mr. LATHAM. Thanks, Sam.

CROP INSURANCE

Just, I guess, about the crop insurance, I know you have a proposal that the government net book quota share, the 20 percent versus the current 5 percent. In that proposal, also, as far as your explanation of your proposed legislation, decreasing premium subsidies by 5 percent, increasing the book quota, and decreasing the premiums on the CAT coverage by 25 percent.

I mean, do you know which—will the Department do some kind of analysis—number one, has this been proposed? Is there any legislative language? Number two, have you done any kind of study as to which companies are going to survive if the government takes over more and more of the business? You are obviously very aware in Iowa of what a huge impact that has.

Secretary VILSACK. I appreciate the question about this, and I think it is important to sort of understand the history.

When crop insurance was first issued, it was not something that was—it was something that had to be marketed. It was something that had to be incented. It was something where producers had to be encouraged to participate.

Today, that is not the case. Many banks are now making it a condition of loans. Obviously, when you establish the disaster pro-

grams, you basically provide it as a condition of obtaining disaster relief, that you have crop insurance. So there is now more of a mandate than just simply having to market.

Therefore, the companies don't—they have seen a huge increase in their market, but they haven't actually increased coverage and so forth. So they have been making a tremendous amount of money, billions of dollars. We just think that this needs to be a fair deal to taxpayers.

Now, do we have legislation that is proposed? Not yet. It has been drafted, and we will obviously get that to you. Have we done an analysis of how individual companies will be impacted? That might be difficult to do without knowing precisely what companies are selling what products this year.

I will tell you that we are anxiously awaiting the GAO report on crop insurance to determine whether or not that leads us in a different direction or supports what we are doing. And we expect to see that very soon.

Mr. LATHAM. If I could just indulge just for one kind of follow-up, I mean, you know, there is great skepticism out there about the Federal Government controlling all the banks, controlling the car companies. Expanding the role in another area here where the government is actually in competition with the private sector and expanding that, forcing basically a bunch of companies out of business, I think would get a lot of pushback, I would have to say.

Secretary VILSACK. Well, I don't want to get into a disagreement with you, Congressman.

Mr. LATHAM. Oh, come on.

Secretary VILSACK. There is a tremendous amount of profit being generated from this line of work. And, essentially, it was created——

Mr. LATHAM. There is also a tremendous amount of risk.

Secretary VILSACK. There is. And the government is willing to share in the risk. If it is 20 percent of the gain, it is also 20 percent of the loss. So it is a sharing of that risk and a sharing of the gain, and we think a fairer sharing of the gain because the gain has dramatically increased. And as time goes on, the capacity to more accurately determine what your losses are going to be gets better, and so you increase the profit margin. So this is about recalibrating the deal, and I think it is a fair request.

Mr. LATHAM. I respectfully disagree, but thank you very much.

Secretary VILSACK. I expect that.

Ms. DELAURO. Mr. Davis.

AGRICULTURE AND FOOD RESEARCH INITIATIVE

Mr. DAVIS. In 1862 and 1890, legislation was passed creating land grant colleges and, as a result of that, the Agriculture and Food Research Initiative, which provides competitive grants for some of these universities to do research and maybe to find better ways for nutrition, food safety, agricultural production, and even conservation problems.

Do you think it is adequately funded today? And if not, would you support increasing funding for AFRI?

Secretary VILSACK. You know, that is an interesting way of phrasing a question. We are here to talk about the budget we have

proposed and submitted. I will tell you that I am looking forward to the opportunity to spend a full year understanding the intricacies of this budget, because when we do have that full year I think we will make perhaps even better decisions than we have made in the relatively short period of time.

I am interested in making sure that the research that is done by USDA is, A, coordinated; B, works with our land grant universities; C, is competitive as it can possibly be; and D, addresses the critical issues confronting agriculture.

I can't tell you today, because I frankly have not had the time to delve into this, whether or not that is the system we have today. We may very well have that system. But I wanted the opportunity for the Under Secretary of Research to be able to look at this and give recommendations to me in terms of whether we have the best system and the most adequately funded system or whether we need to put more additional resources in. My suspicion is that he will come back and say more resources are needed.

Mr. DAVIS. Madam Chairman, there is a letter that each of us probably have. I would like to ask, if we could, for that to be put into the record of today's hearing, if that is possible, unless it is already a part of it. It is signed by 59 vice presidents and 11 presidents of the land grant colleges. With your permission.

Ms. DELAURO. Without objection.

[The information follows:]

ASSOCIATION OF
PUBLIC AND
LAND-GRANT
UNIVERSITIES

May 5, 2009

COPY

The Honorable Rosa DeLauro
Chair
Subcommittee on Agriculture, Rural Development
Food and Drug Administration and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Jack Kingston
Ranking Member
Subcommittee on Agriculture, Rural Development
Food and Drug Administration and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman DeLauro and Ranking Member Kingston:

We, as leaders of the nation's public and land-grant colleges, write to urge your support for the nation's agricultural and food systems. More than ever before, our collective well-being is linked to the sustainable and competitive production of food, fiber, and now fuel, on America's lands. The future of this foundational element of our economy and of our way of life depends upon continued investment in discovery, innovation and science-based applications.

Congress, in the 2008 Farm Bill, recognized the urgency of research and education in agriculture by establishing the National Institute of Food and Agriculture (NIFA) and restructuring existing authorities to create a new flagship competitive grants program — the Agriculture and Food Research Initiative (AFRI). **We urge the 111th Congress and the Administration to continue to build upon this progress by significantly increasing investment in AFRI.**

The essential challenge of sustaining our food safety and quality, while protecting our soil and water resources, surely justifies such an investment. Each news cycle brings additional stories that underscore the direct impact of food, nutrition, agriculture, and natural resources on our lives:

- Food price increases have destabilized economies around the globe.
- All too many regions continue to suffer the oppression of food shortages and malnutrition.
- Food safety remains a leading public concern, as microbial and chemical contaminants continue to be detected in common foods such as peanut butter and baby formula.
- The Centers for Disease Control and Prevention report that 200 million Americans — 67 percent of the population — are now either overweight or obese (a doubling since 1980).
- Farm-produced biofuels are a centerpiece in our energy strategy.
- Agriculture will be critical to our strategies for responding to climate change and resource sustainability.
- The secure future of our nation is directly dependent upon protecting and maintaining the integrity of our food, fiber and fuel systems.
- Food and agriculture remains a key segment of our economy, and can become the foundation for a new, green BioEconomy in the decades ahead.

For 150 years, American agriculture has met such challenges and excelled on a global level. Our land-grant universities are proud of the role we have played as leaders of the research and education underlying that success.

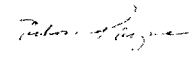
But our nation's leadership in food and agricultural sciences is in jeopardy.

- For every $120 for NIH, we invest only $1 for food and agriculture competitive funding.
- AFRI was one of the few federal science programs to receive no investment in the recent stimulus package.
- Fewer than 22% of qualified research proposals are now funded in USDA's largest competitive grants program.
- Agricultural and food sciences receive only about 1% of total federal R&D.

Enhanced investment is critical to not only American farmers; global economic and environmental sustainability relies upon better knowledge and innovative answers.

The National Institute of Food and Agriculture provides financial support for many meritorious programs at land-grant and related universities. We remain vigorous champions of these other core programs — which provide the foundation for all that we do for America — but we view AFRI as a "special priority among priorities." Currently only about $200 million has been appropriated of the $700 million authorization. ***We urge you to join us in making a sustained commitment to fund AFRI at the full authorized level by increasing funding for AFRI by $100 million per year over the next five years.***

Sincerely,



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Ms. DELAURO. Go ahead.

RURAL BROADBAND PROGRAMS

Mr. DAVIS. My second comment, as we talk about broadband, I envision that rural Tennessee and rural Fourth Congressional District and rural counties across America could use broadband as a way to basically have a magnet school for small school systems that would be possible for them to be able to educate the best and brightest. Maybe a college professor at the University of Tennessee or Iowa will be instructing students from the fourth grade all the way up through the 12th grade.

My wife, a teacher, says that for the first 3 years of school we teach a child to read and, after that, the child reads to learn. And so I think that we are failing in this country in not challenging the best and brightest. We did a wonderful job with special education, to bring folks into our economy, into the workforce, and from then we have actually helped folks be able to be a part of our society.

But I think broadband is where we can really make a tremendous difference in many areas, education being one of those. When the interstate systems were built, they didn't stop in Nashville, Memphis, Chattanooga, Knoxville. They went all across rural America. Broadband needs to do the same thing.

And so my hope is, as you start promulgating the rules, so that my communication cooperatives in the district, or wherever it may be, can apply for the grants to be able to make available and accessible to the rural public school systems an opportunity to better fund education at much less cost.

So, at what level are we today in being able to have the rules ready so that we can start seeing some of the dollars be expended?

Secretary VILSACK. Representative, first of all, you are absolutely correct that there are multiple uses for broadband. You have mentioned one that is very important. The other is health care, the opportunity to link health care clinics with imaging resources, X-rays and so forth, to save health care costs and make it easier for people in rural communities to get adequate health care. There are many uses for it.

We expect and anticipate by June that we will have the rules and a framework in place. We expect, as it relates to the Recovery and Reinvestment resources, that we will probably see three separate distributions of resources. Why, you say, not all at one time? Because we want to learn from what kind of applications we get from the first tranche of resources. And we expect that those resources will first be invested in the fall of this year. So we are—and that is both the Commerce Department and the USDA.

Mr. DAVIS. My home in Pall Mall still has dial-up. So when we talk about the need for actually extending telecommunications and others to rural areas, that is important.

I hear folks talk about this being a waste of money. The farm-to-market roads go to a State highway. The State highway goes to the intrastate system. The intrastate roads go to the interstate and connect. And as a result of that, food, labor. America's future because of rural America, because of looking at rural America and helping develop it, has made America's future better. I think broadband can be a part of that.

Secretary VILSACK. I agree with you.
Mr. DAVIS. My time is up.
Ms. DELAURO. Mr. Farr.
Mr. FARR. Thank you very much.

MARKET ACCESS PROGRAM

I have one question about the MAP program, and then I want to get into nutritional issues.

The administration's—OMB's—justification for reducing funding for the MAP program cited a 10-year-old GAO study but did not mention a more recent Global Insight study commissioned by the Department of Agriculture, a study called, "A Cost-Benefit Analysis of USDA's International Marketing Development Programs." That was a program done in 2006.

It showed that increased program funding provided by the 2000 Farm Bill for MAP and for the Foreign Market Development Program, the FMD, successfully increased U.S. Agricultural exports by $3.8 billion and helped increase the annual farm net cash income by $460 million.

Why was this study not taken into account by the administration?

Secretary VILSACK. Well, I am not sure that it wasn't taken into account. I think there is obviously support for export assistance; it is a question of what kind of export assistance we provide.

I think what we are suggesting is, the way in which we were providing these resources, essentially we are funding for-profit enterprises for activities and events that would have occurred anyway, and, in fact, are occurring.

So it is not a question of not being supportive of MAP. It is a question of whether the resources we were spending were for services that would have been provided anyway, and we believe probably would have been and will be provided anyway.

Mr. FARR. Okay. I am sure we are going to have quite a struggle in Congress, as we always do, on MAP funding.

SCHOOL NUTRITION PROGRAMS

But let me switch to something that is dear to my heart and I think dear to your heart and certainly dear to the President and First Lady's heart, which is the school nutrition.

I have been pointing out that I think we have a morass of administrative problems in the facts of the feeding program. One is by all the different programs we have created, but what is interesting—and we get these reports here from your Department on what we spent on buying food.

And I was just looking at this chart here of the food that was purchased. This is the Food and Nutrition Service, Child Nutrition Program. There isn't one—the only fresh thing I could find on here were pears.

You know what we spent the most amount of money on last year? The most money?

Ms. DELAURO. Mozzarella cheese.

Mr. FARR. You are right, Madam Chair. We spent—and there is nothing even that comes close—$148,879,987 on mozzarella cheese. That is just mozzarella. We also bought all kinds of cheddar

cheeses and other shredded cheeses, reduced cheeses, pasteurized, bulk, sliced cheeses, yellow cheeses, whatever.

So the problem is that, you know, we are telling the world that you have to eat healthy in order to stay healthy, and yet what we buy and distribute to the school lunch program is all the things that we are not supposed to be eating, at least in that kind of quantity. So we have to shift what we are providing in the school lunches.

Now, let me get into the programs. In the schools, we have a school lunch program, we have a school breakfast program, we have a summer food service program, we have a special milk program, we have a snack program. And then we get into—and we have commodity procurements, and that was a part of it.

What I would hope you would do is really start streamlining. We ought to have just two feeding programs in America. We ought to have a community feeding program with the WIC and food stamps and all the things we do outside of the schools, in the broader community. And the other one area we ought to have ought to be the school nutrition program.

And I hope that you will work on consolidating these programs. I am working on the reauthorization, which isn't in this committee. It is not even in the ag committees. It is in the Labor and Education Committee, working with George Miller's staff to show them—and they have never really gone back in to look at why all these programs were built differently.

We hear from the school nutritionists that they think that up to 60 to 70 percent of the programs are consumed in administrative costs, because each one of these programs has to be audited and so on. And, I mean, I think we ought to be block-granting these to the schools.

We ought to be consolidating the programs into one, kind of, multi-school program that the—we ought to be streamlining the way we qualify using the data that we use for other Federal programs, such as the food stamp program and the Medicare program. They are much more accurate, the computer data, than these forms that have to go out to parents to prove that they are poor, and the parents don't even speak the language that is on the forms.

So I hope that you will seriously tackle this in this year when we have to reauthorize it, to essentially rebuild it or refinance it to buy things that are nutritious.

Ms. DELAURO. You may answer, Mr. Secretary, because I want to try to get in as many questions as we can to meet your schedule and to meet a vote schedule that is coming up.

Secretary VILSACK. We are proposing additional investments in fruits and vegetables, in addition to the $11 billion that we are currently purchasing in those areas. And so we are very cognizant of the need to focus on more nutrition. We want to make sure that the programs are consistent, more consistent with the dietary guidelines. And we want to make sure that those dietary guidelines are well-informed and well-structured on a nutritious diet.

Your issue about consolidation is a good one, and we will certainly give that consideration.

Mr. FARR. Why don't we have a salad bar in every school? That would be a great question for you to ask. I don't need an answer here, but we would be interested in why we can't do that.

Ms. DELAURO. Mr. Kingston.

USDA PROGRAMS SAVINGS

Mr. KINGSTON. Mr. Secretary, I may need to leave some of these for the record, but one of them is on the broadband grant eligibility. We have heard from some small suppliers that the bigger companies are influencing the grant process and to make sure that they kind of will get more than their fair share. So we can submit a letter to you on that, but that is something that I am sure we are all sensitive about and probably on the same page on.

The other thing is I was interested in your CRP explanation to Mr. Latham about the actual usage of it, as compared to the allocation of it.

Secretary VILSACK. Not CRP. Some of the other programs, the wetlands——

Mr. KINGSTON. Okay, the wetlands. And I was wondering, do you apply that same ruler to SNAP and to WIC? Because it would appear to me that there would be a similar number of enrollments.

For example, food stamps has, as you know, an automatic trigger for enrollees and for food inflation. And it was adjusted in October, and yet in the stimulus program there was another $19 billion put on it, and now we have another increase. And I am just wondering if that same ruler applies.

Secretary VILSACK. Well, I think it is a slightly different circumstance, because you are seeing an increased utilization of those programs as opposed to an underutilization.

Mr. KINGSTON. Is the increase based on the market trigger that is suggested in June, or is it a speculative amount?

Secretary VILSACK. No, I think the increase is based on recognized demand and a weakening economy.

Mr. KINGSTON. Let's take a look at that, and I can send that letter to you with a better explanation. Because it seems to me there is a little more speculation, because it was just suggested in October. But we will see.

The other thing is, I want to encourage you—you had testified previously that $49 million was overpaid to ineligible participants in farm programs because the recipients' income was too high. I want to encourage you on that as a potential savings. And if you may remember, the dialogue that you and I had at that time was that there was also, in terms of the Food Stamp Program, overpayments of $1.29 billion.

So, there is a lot of money there that, if we can do our jobs better, that we can get. And, of course, the point of both of these is you want farm payments to go to eligible farmers only and you want food stamps to go to the eligible people also.

Secretary VILSACK. That is true. I think there has been progress made on the SNAP program. You know, I don't use that term, "food stamp," because, you know, I think it is a mischaracterization of the program. It is a supplemental nutrition program, and I think that is where the focus needs to be.

Having said that, there has been literally a halving of the error rate in that program over the course of the last several years. That doesn't mean that there isn't more work to be done; there does. And there also needs to be more work done on the school lunch and school breakfast program, same kind of issue. And we are certainly sensitive to that.

Mr. KINGSTON. Okay, good. Because, you know, at the end of this process, which I am looking forward to working with you on savings, getting after overpayments and inefficiencies may be one thing that really unites some philosophies in here.

Secretary VILSACK. I could use your help in helping some of your colleagues understand that, because some people are concerned about the fact that we are actually teaming up with the Internal Revenue Service to make sure that we have a system to check and make sure people who are getting farm payments are the ones who are entitled to them. And some of the colleagues, particularly on your side——

Mr. KINGSTON. No, I absolutely agree with you. Money should go to those who are eligible. And I might not like all the programs, but they still should go to the people who are eligible for them.

LIBERALIZING TRADE WITH CUBA

The other thing is, will the President sign the bill if it has liberalization of trade with Cuba, if it gets amended in the process?

Secretary VILSACK. I haven't talked to the President about that issue, so I don't want to speak for him.

Mr. KINGSTON. What a smart answer.

I yield back.

Mr. FARR. Wouldn't that be great?

Mr. KINGSTON. Just wondering. Just wondering.

Secretary VILSACK. We are fortunate to have the opportunity to do agricultural trade with Cuba, and we appreciate—you know, that has been a good thing for Cuba, and it is a good thing for the farmers.

Ms. DELAURO. It is a good way to increase, you know, additional markets here for our farming communities. This is a committee that is supportive of this issue, pretty much so. In any case—is that true, Jack?

Mr. KINGSTON. What was the question?

Ms. DELAURO. You are for liberalizing trade, aren't you?

Mr. KINGSTON. I am so devoted to my loyal opposition position that I don't know that I would go along with the Chair on that particular question. But I would certainly——

Ms. DELAURO. Except if we could sell chicken to Cuba.

Anyway, let's move on. I will try and get as many—let me just rapid-fire stuff.

UNDER SECRETARY OF FOOD SAFETY

On the Under Secretary for Food Safety, Mr. Secretary, is there a candidate currently being vetted to be nominated for this position?

Secretary VILSACK. Yes.

Ms. DELAURO. What is our timeline here?

Secretary VILSACK. Madam Chair, the complexity has to do with the arrangements that are necessary in order to allow this person to do the job. And we are in the process of working through that process. Short term.

Ms. DELAURO. I think it is imperative. I think you agree.

Secretary VILSACK. Don't disagree.

FOOD SAFETY RISK ASSESSMENT SCHEDULE

Ms. DELAURO. Food safety assessment schedule, you know, the concern here is because we went through this risk-based effort that we are not complying with what the IG said with regard to their recommendations on risk-based. Why do you propose to do the food safety assessments only once every 4 years?

Secretary VILSACK. You know, I don't know the answer to that question.

Ms. DELAURO. Okay. So if you can get back, I would just——

Secretary VILSACK. Oh. I have been reminded that we are asking for an increase in the assessment so that we can increase the number and the frequency.

Ms. DELAURO. So we can increase the number and frequency. Okay. Anyway, we will talk further about that. I may have additional questions on that, because the frequency, I think, is critically important.

AGRICULTURAL CREDIT INSURANCE FUND

Agriculture credit insurance front, let me just make a point on this. Supplemental, $71 million for ACIF. This was after $20 million in the Recovery Act. The Congress was never notified that the programs were going to run out of the funding mid-year, leaving farmers without a source of credit.

Really, we would love a commitment from you that the Department will keep a better watch over these programs, notify the Congress when the program is seeing unprecedented demand and when we are going to run out of funds mid-year.

Look, you know and I know these are programs that are the only source of credit for some people right now who are struggling. So let me just ask you, is the 2010 budget request sufficient to cover the surge demand that the farm ownership and operating loan programs have been experiencing?

Secretary VILSACK. We are proposing an increase. Scott reminded me that we are forecasting a year in advance. It is the best estimate that we have.

I will reassure the Chair we are in the process right now of having meetings with a number of our budget folks to make sure that they are within budget. We are going to pay close attention to this—to all budgets, not just this one.

FOOD SAFETY ASSESSMENT SCHEDULE

Ms. DELAURO. Okay. I just want to point out that—my last question, with regard to the food safety assessment schedule—a proposal to do the assessments once every 4 years was made by Bush FSIS in its response to the OIG report.

I am looking to a new administration with a stronger commitment to funding public health initiatives. So I want you to look at why you are continuing to look at a 4-year proposal. And if it is with regard to—I want to really know if it is increased funding that gets us stumped, because this is from a time past, in my view.

CONSERVATION FUNDING

Okay, let me just—on the conservation funding, I have a couple of questions here. You spoke to—maybe it was Mr. Latham—and you said you were going to try to match the existing funding with the increase in the enrollment, et cetera.

Is there a question here that there is a problem in the field? In other words, that we do not have—that the issue becomes the delivery side of USDA and a field force that is able to do the job of enrolling and, you know, of utilizing those funds at the rapid rate that the Congress has talked about these efforts.

Secretary VILSACK. I am going to draw on my experience as a governor to answer that question.

We tried to institute buffer strips into the State of Iowa. And what I learned from that experience was that oftentimes when government comes to a farmer and says, "We have a program that is great for you, we want you to participate," oftentimes there is a little skepticism and cynicism about it. And so, what we tried to do is to get a better marketing effort with farmer talking to farmer. So it may very well be field, but it could also be just general skepticism or a lack of appreciation for precisely what the programs provide. I don't know.

We do have a broad array of options for farmers. And one of the things can also be that crop prices, commodity prices increase, and you have a bumper year, and all of a sudden you are thinking maybe you should take land out of conservation reserve and put it into crop production, or maybe you need that additional acreage and maybe conservation is not as profitable as growing a crop. It could be a wide variety of explanations.

Ms. DELAURO. Well, I think we—you know, obviously, I think that is a big issues for everyone on this committee, is these programs, so we will continue to have that conversation.

Secretary VILSACK. I think you all have made tremendous progress, if you look at the number of acres that are involved.

Ms. DELAURO. Yeah. There is also an issue for me, but I will put it on the record, in the last administration, the issue of what are the programs that are most cost-effective, when Mr. Rey was here and so forth. We have some of that language. I would like to get that to you to get your take on what he thought was most cost-effective, in terms of some of the conservation programs. In any case, I will get that to you.

Mr. KINGSTON. Rosa, will you share that answer? That would be very interesting for the committee.

Ms. DELAURO. Oh, sure, yeah, yeah. I would be happy to do that.

Mr. Bishop, do you have any further questions?

Mr. BISHOP. No, I don't.

Ms. DELAURO. Okay. Mr. Kingston.

DIRECT FARM SUBSIDY PAYMENTS TO POLLUTERS

Let me just—because I know you want to do what you need to do and we are going to have to vote, as I said, shortly. This has to do with the direct payments, which have already been addressed. But this is something I wanted to ask from the last hearing and never got to do it.

This was about farm subsidy payments to polluters. This was an article, November 2008, "Questionable Subsidy Payments to Polluters." "The Federal Government has awarded millions of dollars in subsidies to Oklahoma animal farms that have been fined for violating State and Federal environmental laws." There are about 56 farms penalized by environmental regulators for excessive pollution, collected more than $2.5 million in subsidies in recent years. Some farms have been fined and collected subsidies in the same year. Others are repeat offenders, if you will, and they collect subsidies.

The paper said a dairy was subject of two Oklahoma Department of Agriculture fines, 17 now closed U.S. EPA enforcement cases, and at least one ongoing EPA case in 2001. For these violations, the dairy was fined at least $350,000 for failing to comply with environmental laws. The dairy has received more than $880,000 in USDA farm subsidies since the mid-1990s.

If we have farms that are violating State and Federal environmental quality laws, the taxpayer is being charged twice: illegally polluting, and then they receive a farm support payment.

In a response, again, in a prior time, the notion was, well, these are two separate things, you know, the pollution is one issue, the farm subsidy payment is another. Fines and farm subsidies fall into two distinct programs offered by two distinct agencies.

Do you agree that fines for polluting and subsidies should not affect one another? Should we be looking at this issue?

Secretary VILSACK. As you were explaining the circumstance, I thought of all the ways in which you could potentially get yourself crosswise with environmental laws running an agricultural production facility. And some of them can be relatively innocent. I mean, they can be just circumstances; somebody just didn't do their job on a particular day or whatever. And some can be quite intentional and quite egregious.

I think you would have a very slippery slope if you start down that track, because I am not quite sure where you stop. So what if you haven't filed a proper tax return, you haven't reported all of your income, does that disqualify you? What if you violate other laws, other criminal laws, does that disqualify you?

I mean, I am not quite sure—I think it is appropriate to keep them separate. And if there is a problem with repeat violations, then there are ways in which you can substantially charge that operation and you can, in some cases, shut it down.

Ms. DELAURO. Well, but USDA protects wetlands and highly erodible soil by limiting subsidy payments to violators already.

Secretary VILSACK. Well, there is a direct connection, potentially, there, because you are essentially providing resources for conservation and water quality, and you have somebody who is basically

contaminating the water there. So I think there is a greater nexus in that circumstance.

I am all for holding people accountable, and I am all for making sure that environmental laws are strongly and strictly enforced. I am just not sure that that is the right penalty.

Ms. DELAURO. Well, we are going to look at, and I know there is a difference of opinion, but we are looking at direct payments, which we are going to try to do something about. And the presumption there—and, look, I have been a supporter in that effort. I am also a supporter of dealing with the IRS data in which you can deal with this. But there has been no violation in that kind, potentially. These are repeat offenders.

Secretary VILSACK. But just to give you a sense of this, I mean, some of these operations have multiple locations, and some of them have multiple business arrangements. In other words, there may be a partnership here, and there may be a limited liability corporation over here, family farm corporation over here. That is extraordinarily complex, because each one of those entities may be receiving payments, and there may be one person who is common to both of them, and that one person has a violation. Do you stop payments on both operations or just the operation that was directly responsible for the violation? I mean——

Ms. DELAURO. Let me—because I think that this merits a greater discussion and conversation. If we can agree to look at this issue of people who are—and this comes out of a newspaper account, if you will. And, you know, again, as I say, with repeat offenders, somebody can make a mistake and, you know, not one-size-fits-all, a cookie cutter. But if you continue to make the same mistake, and, you know, the outcome is the same, there is no real, you know, penalty.

What I would like to do is have you try to take a look at this issue, if you would, and we will as well, and I will as well, to see if there is, you know, something here that makes it clear to people that if you are going to violate the law here and do it repeatedly, well, then you can't just come out on the other side of this.

Secretary VILSACK. I know, in Iowa, when we had habitual violator laws, we basically could shut the operation down. That seems, to me, to be the more appropriate——

Ms. DELAURO. Well, it may be. And that is why I am saying we need to talk about it. But that is not happening. It is not happening. The only thing that is happening is more subsidies are going out. That is the result, not shutting it down.

So what I will do, Mr. Secretary, is I think I have more questions, but I will, you know, just submit them for the record. And they have to do with COOL and, you know, some other areas. And I know some of these—the GIPSA stuff, just a couple of questions on that, but I understand the nature of that, for the stockyards.

So I think, with that—any of my colleagues, anything else? Okay.

Thank you very, very much, Mr. Secretary.

And I want to go back to my original comments. I think this is a budget for this effort that we are very excited about. I want to stipulate that, and look forward to really working with you on a number of these efforts. I think, you know, the budget reinforces the priorities of this portfolio in a way that I think we can build

on and meet the needs and the challenges of the people who are out there.

So thank you very much.

Secretary VILSACK. Thank you.

Ms. DELAURO. The hearing is adjourned.

UNITED STATES DEPARTMENT OF AGRICULTURE
SECRETARY OF AGRICULTURE
QUESTIONS FOR THE RECORD
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING
MAY 13, 2009

QUESTION SUBMITTED BY MR. FARR

MARKET ACCESS PROGRAM (MAP)

Mr. Farr: I understand the need to cut costs but why are you seeking to reduce funding for export promotion through MAP during a time of economic crisis? Especially given the fact that international competitors receive many times more support from their governments for promotion in key global markets.

Response: The proposal contributes to lowering the Federal deficit which is an important objective for this Administration in this time of record-high deficits. Although annual MAP funding will be reduced, the program will still provide assistance for overseas market promotion of $160 million per year. In addition, other export promotion programs, such as the Foreign Market Development Program and the Technical Assistance for Specialty Crops Program, will continue at their current funding levels.

In reducing the annual funding level, USDA will review the extent to which large, for-profit entities benefit from MAP brand promotion and increase the emphasis on generic promotion efforts to ensure that program benefits accrue more broadly to America's farmers, ranchers, and small businesses.

MARKET ISSUES - ACCESS, DATA REPORTING

Mr. Farr: On PACA: In light of the economy, complaints of slow- and no-pay within the produce industry are increasing. PACA provides protections in these instances. But the regulations are unclear as to when a company loses its trust protections. What is the department going to do to clarify the regulations to ensure the industry maintains this important trust protection? Because of the current economic climate, it is important that this be done quickly. What is your timetable for this?

Response: The Agricultural Marketing Service (AMS) is currently in the process of drafting a change to the PACA regulations in response to concerns raised by the produce industry that recent court decisions are causing perfected trust creditors to lose their trust rights when they agree to accept payments over time from their debtor/customer. The proposed regulatory amendments are being crafted to provide companies and the courts with clear direction in this matter. We anticipate issuance of a proposed rule in the fall. All interested parties will have an opportunity to comment before any new regulation on this matter is finalized.

LOCALLY GROWN PRODUCE IN SCHOOLS

Mr. Farr: On locally grown: Given seasonality and sourcing challenges faced by some school systems due to their geographic location, how do we ensure students have access to locally grown fruits and vegetables in their meals? For example, in my district, fresh produce is plentiful; however, other states may not have the growing/farming base in their communities.

Response: Student access to locally grown fruits and vegetables will always be affected by seasonality and sourcing challenges. Geographic location also affects the variety of local fresh produce that is available to students. However, these issues are largely addressed by the National Farm to School Online website, http://www.farmtoschool.org/. The site offers a map with links to State websites that have established local purchasing programs. The programs typically promote and offer assistance to schools, growers, and distributors to facilitate the establishment and implementation of local purchase programs, thereby ensuring that students have access to locally grown fruits and vegetables. According to the website, 41 States have an established program, including the State of California.

LEAFY GREEN MARKETING AGREEMENT

Mr. Farr: Leafy Greens Marketing Agreement - Where is USDA in the process of implementing a national Leafy Green Marketing Program?

You may recall in 2007 after the E. Coli outbreak California farmers w/ CDFA and others came together to raise the bar for food safety. As a result the California Leafy Green Products Handler Marketing Agreement (LGMA) was formed and a similar agreement in Arizona followed.

Even with the quality assurances in the LGMA the buyers have started a vicious spiral of one upmanship using private 3rd party auditors that require even greater levels of assurances not necessarily based in science. E.g. - We have lost riparian area for our wildlife and buffer zones to prevent runoff.
I feel we need to have a national science based program government verified auditing standards. Food safety should not be used as a marketing tool.

Response: Broad commodity groups (e.g., leafy green vegetables) have initiated discussions with the Agricultural Marketing Service (AMS) concerning establishment of one or more marketing agreements across wide geographical areas that involve quality factors using FDA-recommended standards and guidelines. Based on interest expressed by the industry, AMS issued an Advance Notice of Proposed Rulemaking, published in the *Federal Register* in October 2007, to determine public interest in establishing a national leafy greens (lettuce, spinach, and cabbage) marketing agreement. Program specialists analyzed 3,500 public comments received in response to the notice. Since that time, AMS has been actively engaged in discussions with agricultural producers and handlers on a possible new program.

AMS is currently reviewing a request for public hearings on a proposed national marketing agreement for leafy green vegetables, which is expected to be submitted by a coalition of producer and handler representatives of the fresh produce industry in June 2009. As proposed, the agreement would authorize the development and implementation of production and handling regulations ("metrics") designed to support good agricultural, handling, manufacturing, and management practices in the fresh leafy green vegetable industry. Metrics would be science-based, scalable and regionally applicable in order to accommodate compliance of varying size and types of operations.

If the proposal meets the purpose of the Agricultural Marketing Agreement Act of 1937, AMS will proceed with scheduling hearings around the United States to gather evidence and advance the rulemaking process accordingly. These hearings will likely occur in September and October 2009. AMS will base the decision on whether to establish an agreement on evidence submitted during public hearings, post-hearing briefs and substantive comments to any Recommended Decision published in the *Federal Register*. If the program moves forward, it would become fully functional during the spring of 2011.

CLEAN PLANT NETWORK

Mr. Farr: Was the decision reflected in the President's budget to transfer funding the farm bill dedicated to the Clean Plant Network a reflection of the Administration's views on the need to protect horticultural crops from plant diseases and to provide clean stock for the production of fruits, vegetables, and nursery crops?

Response: The Administration believes that the Clean Plant Network is an important function; however, limited resources and competing concerns have forced us to concentrate our budget requests on other priority work.

Mr. Farr: Because of the increased frequency of those emergency pest efforts, the farm bill dedicated funding to improve the pest improve the safety net against plant pests and diseases. Now, the President's budget proposes to cut that program's mandatory spending from $45 million to $15 million. Please provide an explanation as to why the department believes this valuable program merits a cut? Does this cut reflect the Administration's willingness to pay for increased emergency programs that will result from the USDA's failure to fully implement the protections contained in the farm bill?

Response: While we believe this program is important, there are many competing concerns that have forced the Department to focus its budget requests on other priority work.

NUTRITION

Mr. Farr: Congress will reauthorize the child nutrition programs this year and both President Obama and USDA Secretary Vilsack have publically stated their commitment to improving the healthfulness of

school meals. What specific recommendations does FNS have for how to improve the healthfulness of school meals, including adding more fresh fruits and vegetables, in this authorization?

Response: Reducing childhood obesity and improving the diets of children is a top priority in the upcoming reauthorization. In order to do this, The Department is looking for opportunities to improve the nutritional quality of foods and beverages served in schools. We are particularly interested in strategies that encourage children's consumption of fruits, vegetables, whole grains and low-fat dairy products. Strong wellness and physical activity policies at the school level can also help achieve progress against childhood obesity and help children learn and practice healthy habits. Additionally, we are committed to implementing the latest *Dietary Guidelines for Americans* in the school meals programs. Currently, the Department is working with the Institute of Medicine (IOM) to update the meal patterns and nutrition standards to ensure that USDA proposals are sound and attainable. We expect to receive IOM's recommendations at the end of this year and will immediately begin drafting the regulations to update the requirements.

In addition, we are promoting the consumption of fruits and vegetables through our technical assistance materials for food service personnel. For example, USDA has developed "Fruits and Vegetables Galore: Helping Kids Eat More", a tool for school foodservice professionals packed with tips on planning, purchasing, protecting, preparing, presenting and promoting fruits and vegetables. This resource provides complete information on all aspects of offering salad bars in schools including guidelines, equipment and staffing needs, food safety, and nutrient analysis.

Mr. Farr: Understanding that the Institute of Medicine (IOM) will make recommendations for updating school meals and that it will take USDA/FNS another 3-4 years to issue new school meal regulations, what is FNS prepared to do now?

Response: The Department is actively encouraging schools to update their meals to reflect the *2005 Dietary Guidelines for Americans* through several means. The HealthierUS School Challenge (HUSSC) was established to recognize schools that are creating healthier school environments through the improvement and promotion of good nutrition and physical activity consistent with the *2005 Dietary Guidelines for Americans*. This includes serving more fruits, vegetables, whole grain foods, and low-fat or fat-free milk. Four levels of superior performance are awarded: Bronze, Silver, Gold, and Gold of Distinction. Over 570 schools have received awards to date. Currently, only elementary schools are eligible to participate in the HUSSC but we are in the process of establishing criteria for secondary schools and expanding the program to include these schools.

We are also encouraging schools and States to move forward with improvements to school meals, including increased fruits, vegetables, and whole grains. In 2005, MyPyramid for Kids educational materials were developed. Materials include a poster, worksheets, classroom lessons, a Web based game, Tips for Families and the Team Up At Home: Team Nutrition Activity Booklet. To assist food service professionals

in serving more nutritious meals, a series of ten Fact Sheets for Healthier School Meals was developed and offered schools strategies for purchasing, preparing and serving meals consistent with the *Dietary Guidelines*. These Fact Sheets and the MyPyramid for Kids educational materials continue to be very popular and can be found on the Team Nutrition Web site.

Mr. Farr: Do you agree that school salad bars are an effective way to encourage children to eat more fruits and vegetables?

Follow-up statement --- I think it's a good idea for Congress in the Child Nutrition Reauthorization to urge the USDA Secretary to promote a National Salad Bar Policy for all schools! Kids eat less than half of the daily fruits and vegetables recommended for good health, our school lunch and breakfast programs have to do more to provide fresh fruits and vegetables that kids want to eat!

Response: Yes, the Department encourages the offering of salad bars and has developed and widely distributed "Fruits and Vegetables Galore: Helping Kids Eat More", a tool for school food service professionals packed with tips on planning, purchasing, protecting, preparing, presenting and promoting fruits and vegetables. This resource provides complete information on all aspects of offering salad bars in schools including guidelines, equipment and staffing needs, food safety, and nutrient analysis.

Mr. Farr: Regarding the Fresh Fruit and Vegetable Snack Program, is FNS now providing the leadership necessary to fully realize the benefits this program can deliver to improving children's health and increasing their consumption of fruits and vegetables?

Response: The Department, and in particular, the Food and Nutrition Service, has provided a significant level of guidance and oversight to the Fresh Fruit and Vegetable Program (FFVP) since the program's inception as a pilot project several years ago. Over the past year, we focused our efforts on ensuring proper nationwide implementation of FFVP in accordance with the requirements of the Farm Bill. Upon enactment of the Farm Bill, we immediately held a series of conference calls with all State administering agencies to review program requirements and answer questions. We also conducted a workshop at the School Nutrition Association's Annual National Conference in July 2008 in Philadelphia to discuss FFVP requirements and answer questions for State and local program operators. In addition, we issued numerous implementation and technical assistance memoranda, a collection of frequently asked questions and answers, and an updated guidance handbook for State and local program operators.

As we move into the second year of nationwide implementation, we are continuing to ensure that all States are properly implementing the program. We will be presenting another workshop at the School Nutrition's Annual National Conference in June 2009 and at the biennial State Child Nutrition Directors Conference in December 2009. We are also working to develop a toolkit which can be used by State agencies for outreach to potentially eligible schools and for other

communications about the program which we expect to release later this year.

Mr. Farr: One of the changes I am most proud of making in the Child Nutrition Programs was establishing the (Alisal) pilot in California that resulted in breaking down the silos between the School Meal and Summer Food Service Programs. Specifically, the pilot I championed became the Seamless Summer Program, whereby schools can provide meals and snacks in the summer without having to operate the Summer Food Service Program.

I now want to do the same in child care - by establishing a Seamless Child Care pilot in California -- where we can hopefully eliminate the National School Lunch Program (NSLP) and Child and Adult Care Feeding Programs (CACFP) silos by allowing schools to serve and claim meals provided to children who are in a district-operated child care setting without participating in the CACFP.

Districts that participate in CACFP must complete a significant amount of additional paperwork for the CACFP application and renewal process. In addition, they must maintain separate accounting records and meet the requirements of separate regulations.

The SNP Seamless Child Care Option would allow schools to claim a combination of meals and snacks (up to 5 per child per day) under the school meal programs. They could use the CACFP meal pattern, but would do so through the SNP's reimbursement and administrative requirements. This would allow schools to meet the nutritional requirements of children that are at the school for 8 to 14 hours a day without the burden of operating under two different programs.

Can I count on USDA's support for this pilot?

Response: Schools that operate pre-school, Head Start and other child care programs may currently claim meals served to infants and young children under the National School Lunch Program (NSLP). They do not have to operate a separate Child and Adult Care Food Program (CACFP) to serve this population. Schools that claim meals for young children under NSLP are also able to use the CACFP meal patterns.

Though this "seamless" option already exists, we are interested in considering other opportunities for streamlining program access and administration. Reauthorization offers an important opportunity to look for ways to strengthen and improve the Child Nutrition Programs and we look forward to working with you to consider changes that will increase program access and simplify administrative requirements to better serve our children.

ADJUSTING REIMBURSEMENT RATES FOR CHILD NUTRITION PROGRAMS

Mr. Farr: Currently, we provide Alaska and Hawaii higher meal reimbursement rates based on higher food costs, but many cities across the country have higher overall costs of living than cities in those states.

Specifically, the cost of living index for San Francisco is 177 percent of the national average compared to 153.1 for Los Angeles, 141.0 for San Diego, 131.6 percent for Juneau, 162.4 percent for Honolulu, 128.6 for Chicago, 136.8 for Boston, 109.8 for Las Vegas, 107.1 for Cheyenne, and 212.1 for New York City (Reference: *Cost of Living Index for Selected U.S. Cities*, www.infoplease.com/ipa/A0883960.html)

Without modifying the meal reimbursement rate to recognize the higher cost of living in certain areas across the country (as done in Medicare and with federal employee salaries), children enrolled in school districts in high-cost states will continue to have unequal access to the same quality meals (and fresh fruits and vegetables) as children enrolled in lower cost states.

Have you considered that by not recognizing these different costs of living, school children across the country have unequal access to nutritious meals? Medicare provides equal access to medical care across the country by reimbursing physicians differently by county.

Response: The National School Lunch Act sets national reimbursement rates for school meals, and provides for annual adjustments based on the Consumer Price Index; USDA does not have authority under existing statute to provide a wider range of rates than are currently in effect. As with any national program, variation in local circumstances has the potential to impact program operations. However, Federal meal reimbursements are not intended to cover all costs for all school food authorities (SFAs); it is expected that some SFAs will have per meal costs above the Federal subsidy for free meals while others will have costs below the subsidy. USDA's most recent study showed that, on average, SFA revenues cover the costs that they report to prepare and serve meals.

I share the concerns of many that higher food costs represent a difficult challenge for schools, and we have long worked closely with our State partners and the Food Service Management Institute to help schools in making healthful meals available within the limited budgets they manage.

However, Federal meal reimbursements, which are adjusted every year for changes in food and labor costs, are only one part of the equation in ensuring adequate resources to support healthful meals for our children. Our most recent data indicate that Federal reimbursements represented just over half of all food service revenue in 2005-06. Remaining revenues are provided by families in the form of cash payments for meals and other foods, and through State and local contributions. It is worth noting in this regard that virtually all schools charge families less for a full price meal than the Federal Government provides for a free meal. Schools must examine all sources of revenue, as well as costs, in managing their operations to provide healthful meals within their budgets.

Mr. Farr: What does USDA plan to do to address these differences? Reimbursement rates would clearly not be reduced in lower cost areas.

Response: The Administration is exploring a range of policy improvements to be considered in the Child Nutrition reauthorization process. However, there is no way to change reimbursement rate structures to account with precision for local variation in food, labor, and other costs using available data. The cost-of-living indices cited in the question include adjustments for costs that are not part of the school food service operation; using them to adjust reimbursement rates would add imprecision to the rate changes. Well-targeted adjustments would require collection of detailed information on these costs, which would likely be burdensome for school districts to report regularly.

Mr. Farr: Has USDA considered making differential adjustments in the reimbursement rates annually so that the discrepancy is reduced over time?

Response: The National School Lunch Act sets national reimbursement rates for school meals, and provides for annual adjustments based on the Consumer Price Index; USDA does not have authority under existing statute to provide a wider range of rates than are currently in effect. The Administration is exploring a range of policy improvements to be considered in the Child Nutrition reauthorization process that could make resources available to support more nutritious school meals. However, there is no way to change reimbursement rate structures to account with precision for local variation in food, labor, and other costs using available data. Well-targeted adjustments would require collection of detailed information on these costs, which would likely be burdensome for school districts to report regularly.

Even if comparable food and labor costs could be obtained from all States, it is unclear how useful this information would be in adjusting school meal reimbursement rates. There is likely to be much greater variation in these costs within each State than exists between States. For example, a school district located in upstate New York would likely have very different food service production costs than New York City Public Schools.

Many factors determine whether a school district can operate at the break-even level, where total revenues would equal to total costs. Higher labor costs in the West may be offset by lower costs for food, transportation, or other factors of production, while lower labor costs in the Southwest may be offset by higher costs for other factors of production. While food and labor costs may be higher in suburban or urban areas, they are likely to have larger enrollments and thus serve more meals than rural areas resulting in economies of scale that lead to lower average per meal costs.

ADJUSTING NUTRITION PROGRAM ELIGIBILITY FOR THE COST OF LIVING

Mr. Farr: President Obama says he wants to eliminate childhood hunger by 2015 - and I want to help.

One of the most straightforward things USDA could do to drastically reduce hunger is to adjust the income eligibility for child nutrition programs to recognize the higher costs of living in many parts of the country - just like the Department of Housing and Urban Development (HUD) does for subsidized housing.

If housing costs $2,000 a month in NYC, or SF or Chicago or Boston, HUD recognizes that a family can make more money in those areas and still qualify for subsidized housing. This approach adjusts what is considered to be a "low income family" based on the cost of living in that area.

If the Obama Administration fails to make similar adjustments in eligibility for child nutrition programs, it might eliminate hunger in low cost areas, but many struggling low income families who happen to live in high cost areas will have unequal access to the food and nutrition benefits offered by the child nutrition programs.

Does USDA support adjusting the income eligibility scales to allow low income families equal access to child Nutrition programs across the country?

Response: The National School Lunch Act sets national eligibility standards for school meals; USDA does not have authority under existing statute to provide a wider range of standards than are currently in effect.

The Department considers the national structure of eligibility standards, which make benefits available to children in need no matter where they live, to strike the appropriate balance between ensuring program access and minimizing program burden and complexity. However, we recognize the need to find new strategies to build on existing programs to improve access and address the problem of childhood hunger. The Administration is exploring a range of policy improvements to be considered in the Child Nutrition reauthorization process that could help to facilitate access to the programs for all those who need them.

NUTRITION EDUCATION AND TRAINING FUNDING

Mr. Farr: The President indicates that one of his top priorities is to improve the quality of food provided in the child nutrition programs. Programs can offer healthy foods like fruits and vegetables but to improve health, children need to eat them. Nutrition education is an important factor in driving children's desire for healthy foods.

Will you be seeking funding for Nutrition Education and Training (NET) in order to support improvements in the child nutrition programs?

Team Nutrition materials are helpful but states receive no money to provide training to use them other than a $200,000 competitive grant which does not go far in large states.

Restoring the funding for the NET program would give states the resources to use Team Nutrition materials as well as target their specific needs, which would result in an effective and efficient nutrition education program.

Response: The statutory authority for the Nutrition Education and Training (NET) Program has been eliminated. We strongly agree with the importance of nutrition education in helping children learn to make healthy food choices. Through Team Nutrition, we have developed and made available to teachers, parents and students, a wide variety of nutrition education materials targeted to children from Pre-K through high school. Additionally, our Team Nutrition publication "Fruits and Vegetable Galore: Helping Kids Eat More" is targeted to food service professionals to assist them in helping children learn to eat a wide variety of fruits and vegetables. Team Nutrition materials are readily available for schools participating in the Child Nutrition Programs and for download from our website. Reauthorization offers a key opportunity to look for ways to improve the diets of America's children and we look forward to working with you to consider various proposals to achieve this important objective.

FOOD SERVICE EQUIPMENT ASSISTANCE (FSEA) PROGRAM TO SUPPORT SCHOOLS IN SERVING MORE FRESH FRUIT AND VEGETABLES

Mr. Farr: We were pleased to see that the Stimulus package included $100 million for food service equipment grants. My state received about $12 million of this one time money, which was appreciated.

However, ongoing investment in schools equipment needs is critically important, especially since so many districts lack the equipment for storing and serving fresh fruits and vegetables.

Reinstating the FSEA program will provide schools with the funds for infrastructure costs incurred to support the storage, preparation, transportation, and serving of fresh fruit and vegetables (such as through salad bars), which is necessary given our expansion of the Fruit and Vegetable Program.

Without these additional funds, districts will continue to be challenged to serve fresh produce (as supported by the University of California, Berkeley, in its recent policy brief, "Cafeteria Facilities, Often Overlooked, Yet Key to Student Nutrition and Health," available at http://www.cnr.berkeley.edu/cwh/activities/cwhtools.shtml#caf.)

Will USDA be seeking funds for the FSEA?

Response: Improving the quality of foods served in schools and increasing consumption of fruits and vegetables is an important issue to consider during reauthorization. We look forward to working with you to consider the various proposals that can help us achieve these improvements.

Mr. Farr: Does USDA plan to use its authority to establish a pilot (in California) to directly certify students for free meals using Medicaid income eligibility data?

As you know, states can use Medicaid data to directly verify incomes for school meals. However, states should be allowed to use Medicaid data for direct certification of eligibility for free and reduced-price meals since Medicaid has a significant reach into the nation's working poor population.

While we have to wait for Congress to pass a law allowing this across the country, we gave USDA the authority to pilot the use of direct certification for free and reduced priced meals using Medicaid. USDA awarded California a grant for direct verification, and the State indicates that it can implement direct certification more cheaply than it can implement direct verification.

Will you be approving California's request to pilot direct certification using Medicaid data?

Response: Local educational agencies have two streamlined procedures available for processing or verifying eligibility for free and reduced price school meals. Both direct certification and direct verification employ contact with the agency in the state that administers certain means-tested programs.

Direct certification uses information from the Supplemental Nutrition Assistance Program, the Temporary Assistance to Needy Families Program and the Food Distribution Program on Indian Reservations to establish eligibility for children without requiring the family to complete an application. We only have the authority to conduct direct certification with these programs.

Direct verification, as established under the 2004 Reauthorization, obtains information to confirm eligibility for households selected for verification. Direct verification may be conducted with the programs authorized for direct certification as well as for the Medicaid program.

As part of the last reauthorization, Congress did provide funds for grants to States to support direct verification and direct certification. However, this grant authority provides funds to implement the current law, not to pilot test alternatives. Because use of Medicaid data is currently limited by the statute to direct verification efforts, grant funds cannot be approved for a pilot using Medicaid information for certification purposes. Moreover, any expansion of direct certification to Medicaid that increased costs would be prohibited under USDA's waiver authority.

USDA is committed to identifying alternatives to paper applications which improve program access for eligible children and reduce burden, including improvement of direct certification systems. We look forward to working with Congress in the upcoming reauthorization to develop such alternatives.

EXPAND THE AT-RISK SUPPER PILOT TO CALIFORNIA

Mr. Farr: What is it going to take to provide California the authority to operate the At Risk Supper Program?

As the economy worsens, more families are facing food insecurity and stretched household food budgets. California's after school programs provide a safe place for children and teenagers who live in these areas of severe economic need.

The At-Risk Supper pilot allows a supper to be served to students through age 18, the most troubled time in a child's life. When school is out and parents are still at work, teenagers need a safe place to be with their friends and supportive adults in structured activities. For this reason, California has invested heavily in its after school programs. Providing a supper, not just a snack, will assist California in meeting at least two policy goals: promoting good nutrition and reducing food insecurity while also assisting to close the achievement gap among low income students.

Response: At-risk afterschool meals are a component of the Child and Adult Care Food Program which was originally authorized in six States. Since that time, Congress has selectively added authority for additional States, bringing the current authority to ten States. To add States, Congress must provide specific authority in the Richard B. Russell National School Lunch Act. Reauthorization offers an excellent opportunity to explore ways to increase program access and we look forward to working with you to consider options for providing meals in afterschool settings.

REPORT LANGUAGE & SNAP NUTRITION EDUCATION

Mr. Farr: During his confirmation hearing on January 14th, Secretary Vilsack was explicit that USDA does understand that report language that accompanied the 2008 Farm Bill is the intent of Congress.

The conference report that accompanied the 2008 Farm Bill included specific language regarding the SNAP-Ed Program [formerly Food Stamp Nutrition Education, or FSNE].

The report was very clear that Congress expects that the "*Secretary will support and encourage implementation of the most effective methods for nutrition education*", and that "*dietary and physical activity behavior change is more likely to result from the combined application of public health approaches and education than from education alone*".

What commitment can you give us today, that USDA will update the annual SNAP-Ed program guidance to reflect the intent of Congress, and allow States to deliver the most effective use of state and federal dollars for nutrition education, by including public health approaches that promote healthy eating and fruit and vegetable consumption, and prevent hunger and food insecurity, alongside more traditional 'direct education'?

This is particularly important in light of the current economic situation, with the need to capitalize on all existing federal dollars, and to maximize participation in the federal food assistance programs, including SNAP.

The report language on SNAP-Ed can be found on page 97 of the Joint Explanatory Statement Of The Committee Of Conference at the following link:
http://agriculture.house.gov/inside/Legislation/110/FB/Conf/statement_of_managers.pdf.

Response: The Supplemental Nutrition Assistance Program (SNAP) is the largest nutrition assistance program in the domestic hunger safety net. Through SNAP-Education (SNAP-Ed), SNAP offers a significant opportunity to teach low-income people, including SNAP participants and those eligible for the program, how to make healthy food choices and be physically active. USDA reimburses States for 50 percent of allowable, reasonable and necessary administrative costs for SNAP-Ed. While SNAP-Ed is optional for States, 52 State agencies currently participate in SNAP-Ed with an approved federal budget of $343 million.

The Department is committed to successful outcomes in all of its nutrition assistance programs through a focus on nutrition education centered on primary prevention and health promotion, particularly promotion of healthful eating and physical activity. USDA shares leadership with the Department of Health and Human Services for the development of the *Dietary Guidelines for Americans*, which are the foundation of all nutrition education initiatives in SNAP-Ed and other nutrition assistance programs.

WIC INFANT FORMULA REBATES

Mr. Farr: The ERS recently analyzed Infant Formula Rebates trends in the WIC Program, and says that the cost of new, unproven additives and lower rebates may run as high as $150 million per year. WIC is the largest purchaser of infant formula in the nation, buying over 50% of what's sold. What is FNS going to do to control these costs? Should you be looking into the science behind these additives and ask why WIC needs to pay so much more for them when their benefits are not proven?

Response: The Food and Drug Administration (FDA) is responsible for determining which foods meet the definition of infant formula and ensuring that food labeling claims are factual.

The role of USDA is to continue to ensure that WIC State agencies comply with competitive bidding requirements for food items subject to WIC cost containment requirements. Infant formula rebate savings reached an all-time high of just over $2 billion for fiscal year 2008, supporting approximately 27 percent of the average monthly WIC caseload. State agencies are required to solicit bids for the entire product line of the manufacturer's infant formula. This ensures a rebate will be paid for any infant formula (not including formulas for medical conditions) the State agency chooses to issue. Rebate contracts also have inflation provisions that require the manufacturer to adjust the rebate paid to reflect any price changes during the term of the contract.

WIC-OBESITY SCREENING

Mr. Farr: My California WIC constituents tell me that they are wasting a good deal of time and money chasing down anemia screening bloodwork still required by USDA regulations, but completely out of date with current research and medical practice. If anemia has essentially been addressed effectively by WIC and other public health programs don't you think it's time for USDA to concentrate on screening for obesity - THE major public health problem facing our nation -- instead?

Response: Healthy growth and weight monitoring are integral to the nutrition services provided to WIC participants. The nutrition assessment completed for WIC certification includes bloodwork to screen for anemia and height and weight to screen for overweight, underweight and monitor growth. The results, including early identification of risk of overweight, are used to tailor WIC benefits and nutrition education to the participants' needs. In addition, the findings are used for national nutrition monitoring through the Food and Nutrition Service biennial WIC Participant and Program Characteristics (WIC-PC) reports and the Center for Disease Control and Prevention's (CDC) Pediatric Nutrition Surveillance and Pregnancy Nutrition Surveillance Systems. The most recent WIC-PC report shows that 69 percent of women participating in WIC were overweight or obese, and 14.4 percent of WIC children ages 2 to 4 years were overweight with an additional 16.1 percent at risk of overweight. This report is available on the Web at http://www.fns.usda.gov/ora/MENU/Published/WIC/FILES/pc2006.pdf.

WIC bloodwork requirements conform to the current Centers for Disease Control and Prevention (CDC) recommendations to prevent and control iron deficiency. If CDC recommendations are revised, FNS has the capacity and procedures in place to update WIC bloodwork requirements.

USDA has supported and continues to support obesity prevention projects, beginning with Fit WIC, a 1999 WIC Special Project Grant that has been frequently replicated since then, that enables WIC State agencies to explore interventions that will assist WIC participants in achieving and maintaining a healthy weight. The new WIC food packages, which all WIC State agencies must implement by October 1, 2009, also target obesity prevention by requiring low-fat milk for children age 2 and over, as well as by adding fruits, vegetables, and whole-grain options.

QUESTIONS FROM CONGRESSMAN BOYD

AT-RISK SUPPER PILOT

Mr. Boyd: Mr. Secretary, the USDA operates an Afterschool Supper Program to children in 8 states through the Child and Adult Care Food Program. President Obama has a very strong goal, which I support, of ending childhood hunger by 2015. I see the President is working towards that goal by increasing funding for the CACFP by 6.9% in FY10.

Can you tell me if the Administration and Department would support expanding this program and where Florida would fit into their plans?

Response: At-risk afterschool meals are a component of the Child and Adult Care Food Program which was originally authorized in six States. Since that time, Congress has selectively added authority for additional States, bringing the current authority to ten States. To add States, Congress must provide specific authority in the Richard B. Russell National School Lunch Act. Reauthorization offers an excellent opportunity to explore ways to increase program access and we look forward to working with you to consider options for providing meals in afterschool settings.

FARM SERVICE AGENCY INFORMATION TECHNOLOGY FUNDING

Mr. Boyd: Mr. Secretary, I applaud the decision to fund the Farm Service Agency with $67.3 million to continue the IT modernization effort. Combined with the $50 million provided in the stimulus bill, this money will go a significant way towards improving the good work the Farm Service Agency does. In your testimony, you mention that additional funding will be needed. Can you tell me how much more money and how much longer you expect before the entire agency is up to date?

Response: The total, multi-year cost to stabilize and modernize FSA farm program delivery systems is estimated at $453.6 million. If the requested increase of $67.3 million for FY 2010 is provided, that would bring available funding for the project to $199.9 million, leaving unfunded costs of $253.7 million for FY 2011 and beyond.

BROADBAND DEPLOYMENT IN RURAL AREAS

Mr. Boyd: Mr. Secretary, the Farm Bill passed last year included provisions designed to improve the Rural Utility Service ability to expand broadband deployment in rural areas. However, a year later we're still waiting for these regulations implementing these improvements to be issued. Can you give me a date as to when these regulations will be finally issued?

Response: We anticipate these regulations will be published in the Federal Register as an Interim Final Rule with a request for public comments within the next 60 days. This rule will apply to the on-going program. A separate Notice of Funding Availability will be published

for implementing the program authorized by the American Recovery and Reinvestment Act.

USDA, ARS RESEARCH ON CITRUS GREENING DISEASE (HUANGLONGBING)

Mr. Boyd: Mr. Secretary, the Florida Citrus Industry is facing a serious threat from "greening". This disease is a serious threat to citrus, more so than canker. Florida growers realize this and have contributed around $20 million to fund research into this problem. However, I understand that only $1 million has been spent by USDA this fiscal year and I don't notice any increase in the FY10 budget. What does your department plan to do to meet this significant research need?

Response: USDA recognizes the critical importance of Citrus Greening Disease to the U.S. citrus industry. The Department has worked closely with citrus growers to seek both short and long-term solutions for managing Citrus Greening to ensure sustainability of this important crop. In 2008, a workshop was held in Fort Pierce, Florida, with citrus growers, the National Academy of Sciences, industry representatives, and University of Florida researchers. The workshop fostered communication among the interested parties, identified gaps in scientific knowledge, and prioritized research needs. As a result of the workshop, the Department's scientists within the Agricultural Research Service (ARS) are collaborating to develop coordinated short- and long-term strategies for managing this disease. I will provide additional details for the record.

[The information follows:]

ARS research to combat Citrus Greening is being conducted on the suspected pathogen, the psyllid insect vector, and the host citrus trees. Short-term strategies are primarily aimed at control of the psyllid insect vector, enhancement of rapid and accurate pathogen detection, and determining routes, other than the psyllid vector, whereby the suspected pathogen can be spread. Citrus varieties resistant to the disease are considered the best, most effective, long-term control strategy. However, no natural resistance to Citrus Greening has yet been identified. Current research approaches for producing resistant trees include conventional tree breeding, citrus genomic analysis, and genetic engineering methods for developing resistant citrus. The genome of the suspected pathogen has been sequenced by ARS scientists, and researchers concur on the size and arrangement of the bacterium's genes. ARS scientists are investigating the ability of a natural volatile compound from guava to interfere with the capacity of the psyllid to detect citrus plants. Research is also being conducted on pathology and behavior of the psyllid vector, with respect to its effectiveness in transmitting the suspected pathogen. ARS scientists also developed and compared sensitive methods to trace the suspected pathogen within citrus tissue, and research is in progress to develop methods to distinguish strains of the suspected pathogen. New research will seek to develop antibodies to the suspected pathogen. Research thus far indicates that the suspected pathogen cannot be transmitted by seeds, although few seeds are produced by diseased fruit. ARS scientists have been very successful in competing for grants funded by the Florida citrus industry box tax: the

additional funds helped expand the Agency's in-house capacity to address this priority research problem.

In addition to the ARS research specifically targeted to Citrus Greening, ARS is also conducting research that contributes or can be adapted to finding a solution for Citrus Greening. Approaches include developing low-volume spray technology (adapted from ARS cotton and soybean systems) that enables insecticides to be sprayed at a concentration of 1 gallon per acre rather than 20 or more gallons per acre; scouting and surveys for the psyllid vector to determine if the vector and pathogen are migrating into disease-free areas; and development of rapid and sensitive methods for detecting the suspected pathogen within the psyllid vector prior to tree infection or disease development.

Furthermore, ARS scientists have shown that psyllids carrying the suspected pathogen do not transmit the pathogen to their offspring. ARS scientists are propagating backup samples of valuable Florida citrus varieties in disease-free locations in California. Other ARS research focuses on the origins, contributing factors, and spread of the disease. Finally, bioinformatics tools are being developed to facilitate analysis of the large volumes of genetic data generated by genomic analysis of the suspected pathogen.

QUESTIONS FROM CONGRESSWOMAN KAPTUR

NUTRITION

Ms. Kaptur: Mr. Secretary, what a difference a year makes. For years we have been dealing with a Department of Agriculture that hasn't taken nutrition, energy and local foods seriously. Your budget makes serious commitments to a number of these areas.

On the Commodity Supplemental Food Program, for the first time in years, this budget provides $163 million for this critical program. While you have committed significant resources to this program, it is my understanding that this request does not provide resources to expand the program into the six states that have been approved for participation and for dealing with waiting lists in some of the states. Will this $163 million simply provide funding for the existing case load?

Response: Yes, we anticipate $163 million will support the existing national total caseload of 473,473 but does not include expansion to the six additional States that have been approved for participation.

Ms. Kaptur: With food costs escalating, will this proposal meet these increasing demands?

Response: This proposal will meet the estimated costs to support current caseload levels in existing States.

Ms. Kaptur: What is the cost for providing service in the six new states that are eligible for CSFP?

Response: The additional cost for providing 37,500 caseload slots to the six new States is approximately $16 million. The cost for providing an additional 109,194 caseload slots to existing States is approximately $43 million. The total cost for providing service to new and existing States for the CSFP would be approximately $222 million.

OFFICE OF ADVOCACY AND OUTREACH

Ms. Kaptur: In your budget request you have asked for $3 million to **Expand outreach to underserved constituents** by establishing an **Office of Advocacy and Outreach** through which USDA will increase the accessibility of programs to socially disadvantaged producers. Please elaborate on the types of activities this office will conduct. Will this office be responsible to serve as a policy making conduit to better inform the upcoming budget request and long term, for the next farm bill?

Response: The 2008 Farm Bill directed the Department to establish the Office of Advocacy and Outreach (OAO) to improve access to programs of the Department and the viability and profitability of small farms and ranches and beginning and socially disadvantaged

farmers or ranchers. The funding requested as part of the fiscal year 2010 budget will be used to set up and staff the office to begin the process of achieving the goals identified in the Farm Bill.

OAO will be responsible for providing guidance to and oversight of the agencies with regard to outreach to underserved program constituents. In addition, OAO will coordinate USDA's efforts to expand participation of small, beginning, and socially disadvantaged producers. OAO will establish Departmental policies for proper outreach and will work with the Office of the Secretary to identify needs across the Department that may be used to shape upcoming budget requests. Other specific activities for OAO include: managing the Advisory Committees for Minority Farmers and Beginning Farmers and Ranchers; consulting with the National Institute of Food and Agriculture on the 2501 Program (Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers Competitive Grants Program); and assisting Rural Development in the administration of the Farm Labor Housing Grants Program.

Ms. Kaptur: I have heard encouraging news from the farmers' market advocacy community that USDA is on the right track in determining ways to better facilitate the use of farmers markets to reach underserved communities and specifically with regards to analysis on providing EBT access to all farmers markets. Given the committee's interest in this issue, for the record please provide an update on USDA's farmers' market outreach plan.

Response: The Department is in the process of collecting data to complete the Congressionally mandated report to analyze the feasibility of equipping all farmers' markets in the country with a point-of-sale device. Technological barriers are one of the impediments to increased farmers' market participation in the Supplemental Nutrition Assistance Program (SNAP); therefore, we plan to use the report's findings to guide outreach efforts by State agencies and farmers' markets consortiums and other organizations to engage more farmers' markets to participate in SNAP. Currently, outreach efforts are focused on identifying and eliminating barriers to participation and on streamlining the authorization and waiver approval processes for farmers' market scrip and healthy incentive waivers.

Ms. Kaptur: Does ERS plan on conducting any studies to determine the cost and local economic generation potential for purchasing food locally from the nutrition programs?

Response: The Department is currently pursuing a broad range of research topics related to the economics of local food systems. The initial stage of these studies primarily focuses on describing the size and scope of local food systems in the U.S., identifying relevant public policy and programmatic issues, and understanding how local food supply chains compare to predominant food supply chains on relevant market performance measures.

A second stage of local foods system research will examine the potential impacts and economic tradeoffs of expanding local food systems. One of the potential impacts that will be studied is the

effect of local procurement on economic activity in local and regional economies. Key indicators of economic activity that will be studied may include employment, wages, population, poverty, farm-household well-being, and the share of the food dollar retained by local and regional farmers. The studies will also consider environmental, social, health, and other relevant impacts of expanding local food systems. Although food purchased locally for the USDA's nutrition assistance programs is a component of local food systems that is being studied, we do not currently plan to separately study the costs and impacts of local Federal procurement for nutrition programs.

Ms. Kaptur: In the FY 2009 farm bill, the committee directed the agency to coordinate the ongoing hunger study. Please update the committee on the collaboration activities the agency has taken in this regard?

Response: The Food, Conservation, and Energy Act of 2008 (Title VII, Section 7527) directed the U.S. Department of Agriculture (USDA) to conduct a one-year study to assess the extent of areas with limited access to affordable and nutritious food, identify characteristics and causes of such areas, consider how limited access affects local populations, and outline recommendations to address the problem. *Access to Affordable and Nutritious Food: Measuring and Understanding Food Deserts and Their Consequences* was produced by the U.S. Department of Agriculture in response to this request.

The report is the culmination of a cooperative effort within USDA and with other Federal agencies and academic institutions. Within USDA, the Economic Research Service (ERS), Food and Nutrition Service, and Cooperative State Research, Education and Extension Service (CSREES) all contributed to the production of the report, with ERS leading the effort. The USDA collaborated with the Institute of Medicine (IOM) and the National Research Council (NRC) to conduct a two-day workshop on the public health consequences of food deserts. The IOM/NRC produced a workshop summary entitled *The Public Health Effects of Food Deserts*, which will be released by the IOM/NRC on June 25, 2009. Two members of the IOM/NRC workshop planning committee are staff at the Department of Health and Human Services (DHHS), one from the National Institutes of Health and one from the Centers for Disease Control and Prevention. Both DHHS staffers were external reviewers of the USDA report, as were two additional experts from other academic institutes. The USDA also collaborated with the National Poverty Center (NPC) of the University of Michigan to commission case studies describing food access and the food environment in 5 cities and one set of counties in the U.S. The papers from these case studies are under review at a journal, but drafts are available on the NPC Web site at: http://www.npc.umich.edu/news/events/food-access/index.php.

ALTERNATIVE ENERGY DEVELOPMENT

Ms. Kaptur: In your budget request, you have asked for $5 million to fund the Office of Energy & Climate Change in the Office of the Chief Economist. I am interested in this program and the details of this proposal. For an office that only has $16 million, a $5 million increase is substantial. Is it your intention to add these funds to

create coordinating activities under the direction of the Secretary? Would this office have the authority and ability to direct other sections of USDA to focus on new energy priorities or would this just be for research and analysis?

Response: The proposed increase for the Office of Energy and Climate Change (OECC) coincides with a substantial increase in the responsibilities for the Department resulting from the 2008 Farm Bill. Section 2709 of the Farm Bill directs the Department to establish technical guidelines to measure and evaluate the environmental services benefits from conservation and land management activities. Once established, these guidelines will assist farmers, ranchers, and forest landowners participate in environmental services markets. These guidelines are necessary to establish a science-based approach to measuring the benefits and potential offsets provided by certain management practices; resulting in a credible source of information for the development of these markets.

OECC will have some coordination responsibilities to provide guidance to align agency activities with the priorities established by the Office of the Secretary for the creation and support of these markets. In addition, OECC will continue the coordination activities already on-going in the Global Change Program Office related to climate change, and the Office of Energy Policy and New Uses related to alternative energy development. OECC will not have the authority to direct other agencies' activities, but will instead provide research and analytic support to the Office of the Secretary to support the Secretary's priorities.

Ms. Kaptur: Recently, the Rural Electric Cooperatives in Ohio invested in a wind project from Iowa. While the State of Iowa is well positioned to promote alternative energy development, RUS must also promote alternative energy development in the states that it serves. I would like to see RUS assist our Rural Electric Cooperatives to develop strategies for locating these alternative energy projects in State. Do you have any plans to promote a strategy like this?

Response: The Rural Utilities Service's Electric program will finance feasible projects that provide renewable energy to residents of rural areas. The Electric Program did not finance the particular project you mentioned, but, could have if asked. If the Ohio electric cooperatives are interested in developing or purchasing the power from projects developed in Ohio, RUS will welcome an application. I should note also that RUS is working with the National Renewable Cooperative to develop and finance projects in which cooperatives without available renewable sources locally can participate in such projects by taking an equity position in the project.

Ms. Kaptur: In your budget proposal, you have suggested that the Office of Energy Policy and New Uses will hold and conduct 2-4 workshops a year identifying strategies to support infrastructure and finance issues in the Rural Utility Service. In recent discussions with the Rural Cooperatives in Ohio, I know that there will be interest in hosting one of these sessions in my state and **would appreciate hearing from your office in coordinating this action for bringing one**

of these workshops to my state. This type of workshop can be used to promote renewable energy projects within a state and look forward to working with you to discuss details in promoting this type of activity.

Response: We have yet to finalize the location and schedule for these workshops, but appreciate your offer to host an event in Ohio. Once the final funding level for fiscal year 2010 is set, we'll be in a better position to discuss the details of these workshops. The Office of Energy Policy and New Uses will work with your office, as necessary, to coordinate such an event.

RENEWABLE ENERGY PROGRAM

Ms. Kaptur: In your budget request, you have asked for $68 million for the Renewable Energy Program. This robust request provides significant support for a program that is fundamental to transitioning American agriculture into the 21st Century but I remain concerned that the interpretation of population restrictions in this program makes it impossible to administer a program that can serve all agricultural producers. The loan, audit and grant sections of the REAP program can only work if agricultural producers in urban areas are eligible. What are your plans to make these programs work in urban areas and expand eligibility to agricultural producers regardless of their geographic location?

Response: The Food, Conservation and Energy Act of 2008 (2008 Farm Bill) refers to "agricultural producers and rural small businesses" with no specific program requirements for rural, except in the term "rural small businesses.

We are looking at various options and will make any policy changes through the proper channels.

Ms. Kaptur: In a recent notice that went out in Ohio, the Rural Development Office indicated that the REAP program grants will not go out for at least a few more weeks. Is USDA delaying the release of these grants because you are reconsidering urban restrictions? If so, the producers are anxious to see your final decision.

Response: The 2009 funding announcement has a July 31, 2009 deadline for accepting applications.

Ms. Kaptur: Mr. Secretary, after USDA confirms a Rural Development director in Ohio, I look forward to working with you to develop an outreach tool on the REAP program and the local food systems set aside in the B&I loan program. As you bring a Rural Development office in Ohio up to speed, I would ask that you use models from some of your other successful states to promote the programs under your jurisdiction. In Ohio, what are the outreach plans for promoting the Rural Energy for America Program?

Response: The State Office in Ohio, through its Renewable Energy Coordinator, has aggressively promoted REAP to a large and widely diverse number of organizations, rural businesses and residents

including: the Ohio Soybean Council, a Renewable Energy Conference held at Case Western Reserve, a Biomass Energy Development Council in the Appalachian region of Southeast Ohio, and American Municipal Power, a utility company. While the Office has received a number of inquiries, it has yet to receive a completed application. We will continue to promote the program in Ohio to the same extent as in other states.

BUSINESS AND INDUSTRY LOAN PROGRAM

Ms. Kaptur: In the 2008 Farm Bill, the Congress provided a 5% set aside for the Business & Industry Loan program for local food systems in underserved communities. What actions has USDA taken to promote this 5% set aside?

Response: An Administrative Notice titled Business and Industry Guaranteed and Direct Loan Programs Locally or Regionally Produced Agricultural Food Products, was issued on April 18, 2009. Additionally, this was included as an eligible purpose in RD Instruction 5001-A, which is scheduled to become effective October 1, 2009. Guidance was issued to field offices nationwide providing processing information for projects funded under this program. Also, a Task Force has been formed by the USDA Deputy Secretary to market the availability of the program. This Task Force is hosting a Local Foods Symposium on June 26th for public awareness of this set aside. They are also implementing a web portal for web access for public information. There will be a webcast coming up and registration requirements will be posted on the ARS website in the near future. It will be research focused with policy and planning issues addressed as well.

Ms. Kaptur: In the last hearing, USDA indicated that there was some flexibility in interpreting the population restrictions under the B&I loan program. Does USDA see this 5% set aside as an opportunity to create regional food systems including our urban areas?

Response: The processing facility can be located in either a rural or urban area as long as it meets the specific eligibility requirements: loans or loan guarantees made to establish and facilitate enterprises that process, distribute, aggregate, store, and market locally or regionally produced agricultural food products to support community development and farm and ranch income. The term "locally or regionally produced agricultural food product" means any agricultural food product that is raised, produced, and distributed in the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product, or in the State in which the product is produced. Food products could be raw, cooked, or a processed edible substance, beverage, or ingredient.

Ms. Kaptur: If the 5% set aside for the B&I loan program is not met, does the money revert back to the program or can it be rolled over into the following year?

Response: If the 5 percent set aside is not met, the funds revert to regular program use.

Ms. Kaptur: To date, how many dollars has the administration been provided to these local food systems by the B&I loan program set aside?

Response: To date no dollars have been provided by the B&I program set aside.

NRCS OHIO STAFFING

Ms. Kaptur: It is my understanding that for the past few years, Ohio NRCS has been turning back significant dollars under the natural resource umbrella and this year, Ohio will be forced to keep several positions vacant. Please estimate the staffing situation for Ohio and postulate on the reasons that Ohio has had to turn back these dollars.

Response: Ohio NRCS has not returned conservation program dollars back to National Headquarters. In fact, for the last two fiscal years, Ohio has requested and obligated additional funding beyond its original allocation. Ohio's staffing plan was developed four years ago and has been implemented. There are current vacancies that have been advertised and are in various stages of the selection process. There are additional vacancies that are being reviewed against current needs. It's conceivable that position grades and/or disciplines may be modified prior to advertising and selection.

NRCS - FUNDING IN OHIO

Ms. Kaptur: I have gotten to know the Director of Ohio's NRCS and it seems clear to me that this is probably a resource issue, not necessarily one of leadership. Have other states returned significant sums of federal money? What has their experience been in addressing some of these similar problems?

Response: Ohio does not have a track record of returning program dollars to National Headquarters. NRCS State Offices occasionally run into situations that make it difficult for them to obligate all of their program allocations. Only three states returned to National Headquarters more than one million dollars in FY 2008. Two of those states were dealing with programs with no year money, and so the states recovered the funding in FY 2009 to complete their projects. A wholesale turning back of program dollars has not been a significant problem for NRCS.

UNSPENT ALLOCATIONS IN OHIO

Ms. Kaptur: Please provide a record of unspent allocations in Ohio for the programs under the management of the Natural Resources Conservation Service.

Response: For the last two years, Ohio has obligated all original allocations of Farm Bill funds and has requested additional allocations for the Environmental Quality Incentives Program, Wetlands

Reserve Program, and the Farm and Ranch Lands Protection Program. These additional allocations have also been obligated at rates varying from 97 percent to 100 percent in different programs.

WESTERN LAKE ERIE BASIN PARTNERSHIP SUCCESSES

Ms. Kaptur: For the Western Lake Erie Basin Partnership and the funds provided by this committee some of the proven successes.

Response: I would be happy to provide that information.

[Information follows:]

The Western Lake Erie Basin Partnership (WLEB) was formally established in 2005, bringing together 14 organizations and agencies to develop a strategic plan with goals and objectives for the improvement of the WLEB Watershed. Three states, including Ohio, Michigan, and Indiana, make up the WLEB. The Natural Resources Conservation Service (NRCS) in Ohio and the U.S. Army Corps of Engineers Buffalo District lead the WLEB Partnership. The 14 agencies and organizations in the WLEB Partnership include the U.S. Army Corps of Engineers, the U.S. Department of Agriculture Natural Resources Conservation Service, the U.S. Fish and Wildlife Service, the U.S. Geological Survey Ohio Water Science Center, the U.S. Environmental Protection Agency, the Governor of Ohio, the Governor of Indiana, the Governor of Michigan, the Ohio State Technical Committee, the Indiana State Technical Committee, the Michigan State Technical Committee, the Ohio Department of Natural Resources Division of Soil & Water Conservation, the National Association of Conservation Districts, and the Maumee River Basin Partnership of Local Governments.

The following are examples of successful WLEB funded projects:

The Quintero Center is currently carrying out a project that involves inner city gardening, conservation education, and outreach to an underserved Latino Community in the Toledo Inner City area. The project plants conservation plant materials at the Center, and provides materials for the center's gardening program. The center works with first time offenders via a program with the courts. NRCS funding has leveraged support from private nurseries to support the project.

The City of Toledo Urban Tree Planting was initiated this spring beginning with the removal of dead ash trees in the Old West End neighborhood. After these dangerous dead trees are removed the city will replace them with new species that are not susceptible to the borer. This project is designed as a demonstration project to highlight the ash borer problem and need for urban reforestation.

The U.S. Geological Survey Western Lake Erie Basin Water Availability Study has been completed and results are available at: http://www.dnr.state.oh.us/Water/wwfr/NorthWest_BasinGroup/tabid/19899/Default.aspx The atlas's (one for each Hydrologic Unit Code and the basin as a whole) show water availability and water use by source in the basin.

EcoTrack 11 Environmental Education Project is up and running on Toledo TV Channel 11. (http://www.wtol.com/Global/link.asp?L=295385&nav=menu34_5) The project has broadcast more than 150 environmental and conservation feature stories in less than a year.

The WLEB Website and Newsletter is hosted by the Ohio Lake Erie Commission. (www.wleb.org) The website is the hub for information about the partnership and communication of the partnership goals and activities to the public. A new and expanded newsletter has been developed.

ORGANIC PRODUCTION

Ms. Kaptur: Recently, the Environmental Quality Incentives Program (EQIP) made organic production available under the program, yet the 2009 signup must be completed by May 29. Do you believe that USDA will be able to do enough outreach to let producers know about this new program in this short amount of time?

Response: The NRCS Chief has provided authority to State Conservationists (STC's) to extend the fiscal year 2009 Environmental Quality Incentives Program (EQIP) Organic Initiative sign-up deadline as needed to meet needs of local growers. Approximately 38 States extended the deadline two weeks or longer for submission of applications. Although EQIP allows continuous sign-up by any eligible producer, STC's approved extensions where more time was needed to inform growers of this new support opportunity. Many organic-related organizations, trade groups, consultants, agencies, and NRCS took advantage of this extension period to help inform growers about the EQIP Organic Initiative. Nationally, over 2,700 applications have been accepted; this represents approximately 22 percent of the estimated 10,000 certified organic growers in the United States. This significant proportion of growers already participating in the new initiative is a reasonable indicator that the Agency effort to reach organic growers is successful.

Ms. Kaptur: What outreach activities has USDA completed to let these farmers know about this new area of eligibility for the EQIP organic production program?

Response: The Natural Resources Conservation Service (NRCS) has issued news releases and made numerous presentations to organic trade organizations and interested groups about the new opportunity for support through the Environmental Quality Incentives Program (EQIP). NRCS has also posted announcements on the Agency national webpage and made available new additional programs and technical support information on the Agency website. Weekly teleconferences were held during the roll-out of the Organic Initiative with trade groups and organizations that provide organic growers with support and information. Many of these organizations have also published their own websites about the EQIP initiative. The organic groups also requested that NRCS designate an employee in each State as a "point of contact" for organic producers to help facilitate exchange of information on how to apply for program benefits. The point of contact information has

been published on the NRCS national organic website www.nrcs.usda.gov/programs/eqip/organic/, and many organic groups have also provided it to their participating members. Nationally, over 2,700 applications have been accepted to date from organic producers.

Ms. Kaptur: As organic production increases as an opportunity for value added production, USDA has a unique opportunity to use this activity as an important vehicle for economic development. Currently, the United States has a trade balance in agriculture. How does the agricultural trade in organics relate to this discussion?

Response: The U.S. Organic Trade Association (OTA) recently estimated U.S. organic exports at over $1 billion in 2008. USDA is unable to track organic imports or exports because the United States has not developed specific Harmonized System (HS) trade codes for organic products. USDA recognizes this unique opportunity and one mechanism of supporting organic trade is via the Market Access Program (MAP) and the Technical Assistance for Specialty Crops (TASC) Program. These programs are administered by the Foreign Agricultural Service and designed to help U.S. agricultural exporters promote their products in overseas markets and overcome technical trade barriers. The OTA participates in these programs, and they were awarded $408,284 under MAP and $750,000 under TASC during 2008.

Ms. Kaptur: Without an effective promotion strategy for organics, I am concerned that we may be ceding this high value industry to the Chinese, Mexican, and Indian importers. Has USDA conducted an analysis of organic production and importations? For the record, please estimate the dollar figures for trade in organic agriculture, domestic production, consumption and importations.

Response: United States organic data are currently limited, and steps are being taken to address this issue. Organic food sales in the United States are estimated at $24.6 billion in 2008. However, we are unable to track actual trade flows because the United States has not developed international Harmonized System trade codes for organic products.

USDA is conducting a census of all known organic producers; results will be available in early 2010. Data will include production, acreage, and value of sales of all types of organically-produced products in 2008.

EMERALD ASH BORER

Ms. Kaptur: Are you aware, Emerald Ash Borer is a serious concern for the Midwest. Please estimate the number of trees that have been destroyed by this bug.

Response: I understand your concern about the financial strain on communities affected by Emerald Ash Borer (EAB), particularly in certain areas of the Midwest. The estimated number of trees in the United States that have been destroyed by the Emerald Ash Borer is between 50 and 70 million.

Ms. Kaptur: What is the total estimate of trees that are at risk by this bug if containment efforts are unsuccessful?

Response: The U.S. Forest Service estimates that approximately 7.5 billion trees in the United States are at risk of the Emerald Ash Borer if containment efforts are unsuccessful.

Ms. Kaptur: Has USDA conducted a cost analysis to local communities that have seen trees destroyed by Emerald Ash Borer?

Response: The U.S. Forest Service is currently collaborating with researchers from Michigan State University and the University of Nevada to prepare a cost analysis for local communities that examines the projected impact of the Emerald Ash Borer over the next 10 years in 25 States, in the northeastern to southeastern United States. The cost analysis is currently undergoing peer review.

Ms. Kaptur: Has USDA sought to use its emergency authority to assist communities deal with the increasing costs of emerald ash borer and replant trees?

Response: I understand your concern about the financial strain on communities affected by EAB. This pest has caused significant damage, and many communities are struggling to deal with the number of dead and dying trees, especially in areas that have been infested for a decade or more. Unfortunately, adequate control tools to deal with EAB do not exist (other than removing infested trees, which proved both ineffective and too costly), and the APHIS EAB program's goal has shifted from eradication to preventing the human assisted spread of the pest and reducing its natural spread. The Plant Protection Act gives USDA the authority to transfer funds from Commodity Credit Corporation (CCC) (or any other account) in connection with programs to eradicate or control plant pests and diseases. Because removing and replacing these trees would not be part of an eradication or effective control program, we do not believe the use of CCC funds would be appropriate.

Because the pest is so destructive, APHIS has worked with State cooperators to make planning tools available to communities at risk of EAB infestation so they can mitigate the impacts of EAB on their local resources. These tools include a community preparedness plan that offers guidance to local governments for proactively dealing with ash trees in areas likely to become infested or for prioritizing trees for removal (at the community's expense) based on potential safety hazards and liabilities.

EMERALD ASH BORER

Ms. Kaptur: The communities that have been devastated by Emerald Ash Borer (EAB) are predominately in the Midwest and have high unemployment rates. What efforts has the administration taken to use Recovery act funds to assist communities devastated by this bug?

Response: Recovery Act funding for the Natural Resources Conservation Service (NRCS) is focused on floodplain easements, rehabilitation of aging watershed dams, and other watershed projects that are aimed at improving a wide range of public benefits/values. NRCS Recovery Act funding will be used to place a permanent conservation easement and restore an EAB impacted area along Ten mile Creek at the Ottawa watershed in Ohio, which experiences frequent flooding in the spring and fall. The $216,000 project will be used to remove ash trees killed by EAB, which fall and cause log jams when floods occur. Restoration of this area will eliminate the log jam problem, provide critical wildlife habitat and reforest the riparian area. To date, Recovery Act funding for the U.S. Forest Service (FS) forest health grants is still under consideration and has not been announced.

Ms. Kaptur: What activities has the NRCS taken to inform communities on how to conserve in areas devastated by this disease (EAB)?

Response: All emerald ash borer activities within USDA are coordinated among the Animal and Plant Health Inspection Service (APHIS), Forest Service (FS), Agricultural Research Service (ARS), and Natural Resources Conservation Service (NRCS). The role of APHIS is to work with States in survey, eradication and enforcing of quarantines. The FS provides technical and financial assistance in support of tree planting in EAB impacted areas and also provides tree inventory, monitoring, detection, research, technology development, and education with regard to this pest. The USDA Agricultural Research Service (ARS) is also supporting our efforts through an ash tree seed collection project explained below.

The NRCS is cooperating with the FS, state forestry agencies, and other partners to distribute technical EAB information to communities through local field offices and by providing technical and financial assistance to rural forest landowners. Through its Environmental Quality Incentives Program and other conservation programs, NRCS can provide assistance to landowners with tree planting, forest stand improvement, and other conservation practices.

Another example of NRCS and partner outreach to communities is the National Ash Tree Seed Collection Initiative. Through this effort, Ohio NRCS and the NRCS Rose Lake Plant Material Center are seeking volunteers to collect seed from ash trees throughout the U.S. in the growing regions of ash trees. The collected ash seed will be x-rayed to determine if it is sound and then it will be stored at the ARS National Center for Genetic Resources Preservation in Fort Collins, Colorado. If ash tree populations are decimated by the EAB, the stored seeds can be used as the genetic base for work to re-establish ash trees for future generations. Ohio NRCS has provided speakers to discuss the initiative and demonstrate the collection process to community groups.

NRCS will continue to work with many partners to address the significant impacts and potential threat of EAB to ash trees throughout the Nation.

NEPA COMPLIANCE

Ms. Kaptur: Under the current NEPA regulations, agencies are expected to complete their environmental review processes within a reasonable amount of time, with full environmental impact statements expected to take approximately one year to complete. According to the APHIS website, there are currently 14 pending applications that need a final resolution. Of those, 7 of these applications - half of the current workload - are still in the system without a determination. Some, such as the alfalfa, papaya and creeping bentgrass applications - have been in this review process for more than 5 years. Please explain the time delay for these applications and what processes are you putting into place to expedite this backlog?

Response: Certain steps are required to evaluate petitions to deregulate genetically engineered (GE) crops. These include, at a minimum, a risk assessment to determine the GE plant's potential to act as a plant pest and the review process required by National Environmental Policy Act (NEPA). A variety of factors can affect the time involved in the review process; these include (among others) the completeness and complexity of the applicant's petition, the time required to complete the plant pest risk assessment, consultation with the U.S. Fish and Wildlife Service over the potential effects on threatened and endangered species (if required), as well as the NEPA review process, which includes at least 60 days for the public to comment on the petition and environmental documents. Recent public participation in the petition process has been enthusiastic, averaging approximately 14,000 comments per petition. Additionally, responding to court orders over APHIS' determinations in certain cases (such as with the petition to deregulate alfalfa) can also affect the review time.

However, we do recognize the need to improve our processes for NEPA compliance and APHIS has made several changes in this area. Recent improvements include:

- Separating documentation of the plant pest risk assessment of deregulation petitions from NEPA analysis;
- Sending several staff members to a NEPA certification program co-sponsored by the Council on Environmental Quality at Duke University;
- Implementing standard operating procedures and more rigorous internal review procedures for NEPA documentation for biotechnology-related actions; and
- Coordinating with USDA's Office of the General Counsel on reviewing NEPA documentation for biotechnology-related actions.

In addition, APHIS is working to form a specialized team within the Agency dedicated to NEPA analysis. This entails creating new positions, identifying staff training needs, and hiring personnel with needed expertise.

Ms. Kaptur: In terms of the backlog for these biotechnology applications, is this a resource question that the committee needs to address in terms of staffing? Please outline for us the budget constraints for approving these applications.

Response: APHIS is currently determining appropriate resources necessary to respond to biotechnology applications and petitions to determine where staffing increases could be needed in the future. In this evaluation, we are considering the numbers of applications for field testing permits and the average number of plant lines and locations per application as well as the ongoing enhancement of our NEPA review process.

Ms. Kaptur: In this time of severe economic constraints and congressional mandates for energy independence and clean energy, American ingenuity is being called upon to answer the challenge. Plant biotechnology has both opportunities and challenges and needs a consistent hand from APHIS. There has been some promising research in improving these plants for this specific use and it is likely that any genetic modifications to improve their yields would have to first be approved by APHIS before being used in the open market. Under the current delays for applications, how does APHIS plan to improve this process to ensure that the federal NEPA timelines are met for new applications?

Response: We recognize the need for APHIS to improve its NEPA review processes and the agency has recently implemented standard operating procedures for NEPA reviews and new documentation processes, among other changes. In addition, APHIS is working to further improve its NEPA infrastructure by forming a specialized team within the Agency dedicated to NEPA analysis. This entails creating new positions, identifying staff training needs, and hiring personnel with needed expertise.

Ms. Kaptur: As applicants continue the process of developing GMO products, they devote significant resources into the process. A clear indication on the timelines that APHIS expects these companies to comply with provides an important guidepost as they develop these new crops. In terms of the regulatory structure, does APHIS feel confident with the current process for approving these applications?

Response: While APHIS is confident in the safety of its regulatory structure, adjustments to the application review processes (as well as other aspects of the biotechnology program) are certainly needed from time to time. In addition to the improvements to the NEPA review processes already mentioned, APHIS has held two recent stakeholder meetings (in October 2008 and May 2009) to gather input from all concerned on changes to the processes that are under consideration. Additionally, APHIS is working to make its biotechnology website more user-friendly and provide information to both stakeholders and the public in a better organized and more useful format. APHIS is using focus groups and other public input to determine better ways of providing information, such as updates on the review process for specific petitions.

Ms. Kaptur: The idea of controlling patents on life presents both challenges and opportunities to a society that is reexamining the relationship between life, property and productivity. As our society

continues to explore these genetic modifications, it is important that clear leadership from APHIS persists in managing this emerging field. For this new complex responsibility, please outline for the committee the fundamentals in this budget for properly focusing on this new role for that APHIS must fill.

Response: APHIS, as part of a coordinated Federal system for regulating biotechnology-derived products, has regulated the biotechnology industry since 1987 and has authorized more than 15,000 field tests of GE organisms and granted 76 deregulation petitions. To keep pace with the rapidly evolving technology in this field, APHIS created the Biotechnology Regulatory Services (BRS) program in 2002. BRS' mission is to protect and enhance U.S. agricultural and natural resources using a dynamic, science-based regulatory framework to ensure the safe importation, interstate movement, and environmental release of GE organisms. The BRS program has four units, focusing on policy coordination, risk assessment, regulatory enforcement, and resource management.

In the FY 2009 Omnibus Appropriations Act, the BRS program received $12.877 million, including a $1 million increase to continue implementing its Biotechnology Quality Management System, a voluntary quality assurance program to help the biotechnology industry enhance its compliance and documentation procedures with APHIS regulations during the field testing process (before applicants are ready to request deregulation). The BQMS will help permit holders (companies, universities, and other researchers) demonstrate their ability to manage the safe introduction of GE organisms into the environment and enhance public confidence in the system. The FY 2010 President's Budget includes a similar amount to FY 2009 to continue focusing on this important role of the Agency.

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