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HEARING TO REVIEW SPECIALTY CROP AND ORGANIC AGRICULTURE PROGRAMS IN ADVANCE OF THE 2012 FARM BILL

HEARING

BEFORE THE

SUBCOMMITTEE ON
HORTICULTURE AND ORGANIC AGRICULTURE

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

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HEARING TO REVIEW SPECIALTY CROP AND ORGANIC AGRICULTURE PROGRAMS IN ADVANCE OF THE 2012 FARM BILL

WEDNESDAY, JULY 21, 2010

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HORTICULTURE AND ORGANIC AGRICULTURE,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Subcommittee met, pursuant to call, at 10:10 a.m., in Room 1300 of the Longworth House Office Building, Hon. Dennis A. Cardoza [Chairman of the Subcommittee] presiding.

Members present: Representatives Cardoza, Costa, Schrader, Murphy, Owens, Peterson (*ex officio*), Schmidt, Lummis, and Rooney.

Staff present: Liz Friedlander, Alejandra Gonzalez-Arias, Keith Jones, John Konya, Patricia Barr, John Goldberg, Pam Miller, Mary Nowak, Jamie Mitchell, and Sangina Wright.

OPENING STATEMENT OF HON. DENNIS A. CARDOZA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

The CHAIRMAN. Good morning. This hearing of the Subcommittee on Horticulture and Organic Agriculture to review the specialty crop and organic agriculture programs in advance of the 2012 Farm Bill will come to order. We will start with opening statements and I will start with my own opening statement. Then we will go to my Ranking Member's statement and we will recognize others.

I want to thank everyone for being here today, taking time out of your busy schedules to attend this seventeenth in a series of the Committee on Agriculture hearings in advance of the 2012 Farm Bill. This morning we will focus our attention specifically on specialty crop and organic agriculture programs. My objective today is straightforward. We are here to assess what is working, what is not working and how we can improve upon the historic 2008 Farm Bill effort on behalf of specialty crops and organic agriculture.

Today's hearing is a departure from the Subcommittee's traditional hearing format. We have foregone the Administration witnesses so as to maximize our time with producers. We can always have the Administration before us, based on what we hear from what the producers say today. As with our field hearings, we want to listen and pay close attention to those individuals who get up every morning to supply this country with the world's safest, most abundant food supply.

As I read today's testimony, I am yet again reminded of the extraordinary diversity of the products and practices represented by these sectors. At our hearing earlier this summer, particularly the one that was held in Fresno, California, we heard from specialty crop and organic producers with a breathtaking diversity of size, generating an amazing array of different food products. We heard from producers with tens of acres, with hundreds of acres, and with thousands of acres producing almonds, apricots, bell peppers, eggplants, grapes, lemons, nectarines, melons, nursery plants, peaches, plums, oranges, spinach, sweet corn and tomatoes, and each producer using sound production practices. The witnesses in the panel before us today are no different, and you have tremendous geographic and product variety.

I love to publicize the bounty of California, especially my own home, San Joaquin Valley. In 2008, California led the nation in the farm cash receipts with $36.2 billion in sales and accounted for 14 percent of national receipts for crops. However, it is clear from today's witness panel that Florida, Iowa, Ohio, Pennsylvania, Maryland, Minnesota, New York and other states have specialty crop centers in their own right. In working with specialty crop and organic producers over the past number of years, we have learned some other things as well. I have learned that these producers and these sectors are classic entrepreneurs. Specialty crop producers have never sought direct subsidies, even though their sector represents over half, more than 50 percent of the total crop farm gate value in the country.

Specialty crop producers are also pragmatic problem-solvers. When confronted with food safety issues, they formed their own private sector efforts, not content to merely wait for the Federal Government to act.

Specialty crop producers are on the forefront of water conservation efforts, coexisting with urban neighbors and protecting the environment. Organic producers have a unique managerial ability to couple the best of the new, such as product tracing and direct marketing with wisdom of the old, such as composting.

In the 2008 Farm Bill, Congress dedicated almost $3 billion in funding over 5 years to areas with critical importance to these sectors. We addressed their long-term competitiveness by enhancing efforts on research, pest and disease management, trade conservation expansion of market opportunities. We addressed nutritional concerns by expanding access to fruits and vegetables in schools and on grocery shelves, so that the nutritional benefits of these foods become more available and abundant to everyone.

Since the passage of the 2008 Farm Bill, with the historic recognition of specialty crops and organic agriculture, we have been encouraged by the public's response. A new national dialogue on healthy, nutritious food has emerged and shows no signs of lessening. Improving the health of our country has become a central focus of the academic debate and of local media attention.

I anticipate that the 2012 Farm Bill will be written during tough fiscal times. The continued intense public dialogue on nutrition and health, and the question of how best to wisely allocate America's hard-earned tax dollars will never be far from that debate. We must begin to address health and nutrition in ways like never be-

fore, increasing the accessibility of fruits and vegetables for public consumption in a way to begin to solve some seemingly intractable health problems such as obesity, stroke and heart disease. Based on what we have heard thus far, and will hear from our witnesses today, I am convinced that we are on the right policy track.

[The prepared statement of Mr. Cardoza follows:]

PREPARED STATEMENT OF HON. DENNIS A. CARDOZA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

Thank you for taking time out of your busy schedules to attend this 17th in a series of Committee on Agriculture hearings in advance of the 2012 Farm Bill.

This morning we will focus our attention specifically on specialty crop and organic agriculture programs.

My objective today is straight forward. We are here to assess what is working, what is not, and how we can improve upon the historic 2008 Farm Bill effort on behalf of specialty crops and organic agriculture. Today's hearing is a departure from the Subcommittee's traditional hearing format. We have forgone Administration witnesses so as to maximize our time with producers.

We can always have the Administration before us based on what we hear from producers today.

As with our field hearing, we want to listen and pay close attention to those individuals who get up every morning to supply this country with the world's safest and most abundant supply of food.

As I read today's testimony, I am yet again reminded of the extraordinary diversity of products and practices represented by these sectors.

In our hearings earlier this summer, particularly in Fresno, Calif., we heard from specialty crop and organic producers with a breathtaking diversity of size generating an amazing array of food.

We heard from producers with tens of acres, with hundreds of acres and with thousands of acres producing almonds, apricots, bell peppers, eggplants, grapes, lemons, nectarines, melons, nursery plants, peaches, plums, oranges, spinach, sweet corn and tomatoes, and each producer using sound production practices.

The witness panel before us today is no different with its geographic and product variety.

I love to publicize the bounty of California, especially the San Joaquin Valley. In 2008, California led the nation in farm cash receipts with $36.2 billion in sales and accounted for 14% of national receipts for crops.

However, it is clear from today's witness panel that Florida, Iowa, Ohio, Pennsylvania, Maryland, Minnesota, and New York are specialty crop centers in their own right.

In working with specialty crop and organic producers over a number of years, I've learned some other things as well.

I've learned that the producers in these sectors are classic entrepreneurs. Specialty crop producers have never sought direct subsidies even though the sector represents ½—*50 percent*—of the total crop farm gate value in this country.

Specialty crop producers are also pragmatic problems solvers. When confronted with food safety issues, they formed their own private sector efforts, not content to merely wait for the Federal government to act.

Specialty crop producers are on the forefront of water conservation efforts, co-existing with urban neighbors and protecting the environment.

Organic producers have a unique managerial ability to couple the best of the new, such as product tracing and direct marketing, with the wisdom of old, such as composting.

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We addressed their long-term competitiveness by enhancing efforts on research, pest and disease management, trade, conservation and expansion of market opportunities.

We addressed nutritional concerns by expanding access to fruits and vegetables in schools and on grocery shelves so that the nutritional benefits of these foods become more available to everyone.

Since the passage of the 2008 Farm Bill with its historic recognition of specialty crops and organic agriculture, we have been encouraged by the public's response.

A new national dialogue on healthy, nutritious food has emerged and shows no signs of lessening.

Improving the health of our country has become a central focus of academic debate and media attention.

I anticipate that the 2012 Farm Bill will be written during tough fiscal times. And the continued intense public dialogue on nutrition and health, the question of how best to wisely allocate Americans' hard-earned tax dollars will never be far from us.

We must begin to address health and nutrition in ways like never before. Increasing the accessibility of fruits and vegetables for public consumption is a way to begin to solve some seemingly intractable health problems, such as obesity, stroke and heart disease.

Based on what we've heard thus far and will hear from our witnesses today, I am convinced that we are on the right policy track.

With that, I now yield time to Ranking Member Schmidt for her opening statement.

The CHAIRMAN. With that, I now yield time to our Ranking Member, Mrs. Schmidt, for her opening statement.

OPENING STATEMENT OF HON. JEAN SCHMIDT, A REPRESENTATIVE IN CONGRESS FROM OHIO

Mrs. SCHMIDT. Thank you, Mr. Chairman, for holding this hearing to review the specialty crop and organic agriculture programs to help us prepare for the next farm bill. I want to thank our witnesses for joining us and look forward to hearing from all of you. I especially want to thank Mr. Jones, Bob Jones, from the great Buckeye State and what you may not know, Mr. Chairman, is that while Bob grows a variety of herbs and produce and edible flowers, he also supplies the White House with his quality Ohio produce. I am glad he was able to be here today to talk to us.

As we approach—by the way, Bob, I hope you can at some point get invited to actually eat in the White House, but as we approach this next farm bill, it is imperative that we hear directly from you, the growers, to fully understand from your firsthand experience what is working and what is not. Some of the decisions on program authorizations and funding levels will be difficult, but I am confident with your input we can put together a farm bill that meets the goals of food safety and security, world prosperity, environmental health and nutritional well-being. As we all know, legislation affecting American agriculture is not only about programs that assist producers and consumers, it is also about our tax policies, international trade and regulatory programs.

As we prepare for the next farm bill, it is critically important to consider the regulatory pressures our farmers are facing from this current Administration. For starters, it seems that every day the new Administration, the Obama EPA, is proposing a new regulation, facilitating new litigation, or pursuing the extreme agenda of environmental groups with a blatant disregard for the impact that it will have on our farmers. While I won't even attempt to itemize all the assaults on our farmers, there are a couple I want to mention.

One recently begun is the reevaluation of a popular herbicide, atrazine. Now, by the EPA's own estimate, atrazine provides corn growers with billions of dollars of economic benefits each year. Less than 4 years ago the Agency completed a 12 year review of this product and found it to be safe for human health and environment. Yet, one of the first actions of this new EPA decided to initiate a new costly, burdensome and scientifically misguided reevaluation

based entirely on claims of extremists in the environmental community that were published in *The New York Times.*

Another recent attack by the EPA on our growers, a decision that deserves mention, is the proposed mandate for a zero drift standard for pesticide application. Interestingly enough, even the EPA in its own publication admits the zero drift standard for pesticide applications is impossible to meet, so why would this new Administration pursue these policies? Is our President so beholden to extremists in the environmental community that he is willing to strangle rural America with economic-killing regulations?

The attacks by Federal regulators on farmers are not the only concern we need to address. Biotechnology is another area where our farmers are facing mounting threats. Here we have a regulatory agency in the USDA, the Animal and Plant Health Inspection Service that has previously conducted its evaluations in a fair and transparent manner, and has based its decisions on the best available science. Thus, by an agency that bases decisions on facts rather than propaganda, extremists in the environmental community have initiated numerous legal challenges. With the help of activist judges, these extremists have had success in slowing, stopping or in some cases reversing decisions by the USDA. A recent Supreme Court decision may offer some hope, but only time will tell. While these issues will be likely addressed by another of our Subcommittees in the coming weeks and months, I feel it is important that we hear from our panelists today on how these issues affect you.

With regard to foreign trade, I stand solidly with the agriculture community in supporting the free trade agreements in South Korea, Columbia and Panama. It is long overdue and thankfully the President has finally announced his intention to set a November deadline for removing outstanding obstacles to implement the U.S.-Korea Free Trade Agreement. We await further action by the White House in support of this pronouncement. I hope the President will also aggressively pursue the agreements with Columbia and Panama. Our producers are losing vital markets and billions of dollars in export sales while the Administration sits on the sidelines and waits. I urge this Administration to move quickly on implementation of all three free trade agreements.

There are other threats to our farmers including cap-and-trade, the resurrection of the death tax at the end of the year which will wreak havoc on family farms, the increased regulation of agriculture chemicals and the expansion of the Clean Water Act, which would subject every wet area in the U.S. from irrigation canals to small ponds and even temporary puddles in the middle of pastures, to new and sweeping regulations and permitting processes. Given these regulatory burdens, programs in the farm bill will be even more important to help our producers comply with potential Federal mandates, remain competitive in the global marketplace, and continue to supply the world with the safest and most plentiful food supply.

Again, I want to thank all of you and I look forward to hearing from you.

[The prepared statement of Mrs. Schmidt follows:]

PREPARED STATEMENT OF HON. JEAN SCHMIDT, A REPRESENTATIVE IN CONGRESS FROM OHIO

I want to thank you, Mr. Chairman, for holding this hearing to review specialty crop and organic agriculture programs to help us prepare for the next farm bill. I thank our witnesses for joining us and look forward to hearing your insightful testimony.

I want to especially welcome Bob Jones from Huron, Ohio, who grows a variety of herbs, produce, and edible flowers. Bob supplies the White House with his quality Ohio produce, and I am glad he was able to take time out of his busy schedule to be with us today.

As we approach the next farm bill, it is imperative that we hear directly from you, the growers, to fully understand from your first-hand experience what is working and what isn't. Some of the decisions on program authorizations and funding levels will be difficult, but I am confident that with your input, we can put together a farm bill that meets the goals of food safety and security, rural prosperity, environmental health, and nutritional well-being.

As we all know, legislation affecting American agriculture is not only about programs that assist producers and consumers. It is also about our tax policies, international trade, and regulatory programs. As we prepare for the next farm bill, it is critically important to consider the regulatory pressures our farmers are facing from the Obama Administration.

For starters, it seems that every day the Obama EPA is proposing a new regulation, facilitating new litigation, or pursuing the extreme agenda of environmental groups with a blatant disregard for the impact it will have on our farmers. While I won't even attempt to itemize all of the assaults our farmers are confronting, there are a couple that I will mention to illustrate the point.

One is the recently begun re-re-evaluation of the popular herbicide atrazine. By EPA's own estimate, atrazine provides corn growers with billions of dollars of economic benefits each year.

Less than 4 years ago, the agency completed a 12 year review of this product and found it to be safe for human health and the environment. Yet, in one of its first actions, the Obama EPA decided to initiate a new costly, burdensome, and scientifically misguided re-re-evaluation based entirely on the claims of the extremists in the environmental community as published in *The New York Times*.

Another recent attack by the EPA on our growers that deserves mention is the proposed mandate for a zero-drift standard for pesticide applications. Interestingly, even the EPA, in its own publications admits that a zero-drift standard for pesticide applications is impossible to meet.

So why would the Obama Administration pursue these policies? Is our President so beholden to the extremists in the environmental community that he is willing to strangle rural America with economy killing regulations?

The attacks by Federal regulators on farmers are not the only concern we will need to address. Agricultural biotechnology is another area where our farmers are facing mounting threats.

Here we have a regulatory agency in USDA, the Animal and Plant Health Inspection Service, that has previously conducted its evaluations in a fair and transparent manner, and based its decisions on the best available science. Frustrated by an agency that bases its decisions on facts rather than propaganda, extremists in the environmental community have initiated numerous legal challenges.

With the help of activist judges, these extremists have had success in slowing, stopping, or in some cases reversing decisions by the USDA. A recent Supreme Court decision may offer some hope—only time will tell. While these issues will likely be addressed by another of our Subcommittees in the coming weeks and months, I feel it important that we hear from our panelists today how these issues affect their operations.

With regard to foreign trade, I stand solidly with the agriculture community in supporting the free trade agreements with South Korea, Columbia and Panama. It is long overdue.

Apparently, the President has finally announced his intention to set a November deadline for removing outstanding obstacles to the implementation of the U.S.-Korea FTA. We await further action by the White House in support of this pronouncement.

I hope the President will also aggressively pursue the agreements with Columbia and Panama. Our producers are losing vital markets and billions of dollars in export sales while the Obama Administration sits on the sidelines. I urge the Administration to move quickly on implementation of all three FTAs.

There are other threats to our farmers including cap-and-tax, the resurrection of the death tax at the end of this year which will wreak havoc on family farms, the increased regulation of agriculture chemicals, and the expansion of the Clean Water Act, which would subject every wet area in the U.S. from irrigation canals to small ponds, and even temporary puddles in the middle of pastures to new and sweeping regulations and permitting.

Given these regulatory burdens, programs in the farm bill will be even more important to helping our producers comply with potential Federal mandates, remain competitive in the global marketplace, and continue to supply the world with the safest and most plentiful food supply.

Again, I want to thank the witnesses for joining us, and I look forward to your testimony and today's discussion.

The CHAIRMAN. Thank you, Mrs. Schmidt.

The chair is honored today to have with us, and all in attendance, are honored to have the Chairman of the full Committee on the dais today with us. Mr. Peterson, would you like to make an opening statement?

OPENING STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Mr. PETERSON. Briefly, Mr. Chairman, and thank you for calling today's hearing and I want to apologize, I have to go down to the White House for the bill signing here in a minute. I wanted to be here to recognize the outstanding work that you led last time in getting $3 billion in the farm bill for the first time horticulture and organic agriculture title, and $3 billion that we were able to secure. You know, we want to make sure that in this farm bill we build on that effort we made in the last farm bill, and like all of the titles, we are going to look into what we are doing, make sure that what we are doing is the right thing and we are being as efficient and effective as we can. So we appreciate your leadership and look forward to working with you, and this Subcommittee, as we put the next farm bill together to make sure that we build on what we have accomplished and not go backwards.

And I want to welcome one of my producers from Minnesota, Mr. Platz, who has come out here. He has a diversified operation, which you see more of that going on, in Minnesota, and we had this farm-flex deal in the last farm bill. We are going to have to deal with that again next time, but we were able to at least make sure that that industry had sufficient acreage and was able to expand. So I welcome all of the members of the panel and I am sorry I can't be with you, but I have other fish to fry here this morning, so thank you.

[The prepared statement of Mr. Peterson follows:]

PREPARED STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Thank you, Chairman Cardoza, for calling today's hearing of the Subcommittee on Horticulture and Organic Agriculture. The purpose of this hearing is to review specialty crop and organic agriculture programs in advance of the 2012 Farm Bill. It is important that we take a look at what is working and what we can improve for the next farm bill in these areas.

The Food, Conservation and Energy Act of 2008 was the first farm bill to contain a separate title dedicated to horticulture and organic agriculture. Overall, we added almost $3 billion in funding for organic agriculture, fruit and vegetable programs and local food networks. This includes money for programs related to specialty crop block grants, planting flexibility, pest and disease management, organic certification

cost-share and conservation, specialty crop research and nutrition, all of which will be discussed at today's hearing.

Specialty crops and organic agriculture are important sectors of the farm economy. Because every state has the capacity for some kind of specialty crop production, and with the growing value-added opportunities available to producers, these sectors show a great deal of promise in promoting economic prosperity in rural communities. According to the U.S Department of Agriculture's (USDA) Economic Research Service, specialty crops account for approximately 50 percent of all U.S. cash receipts of farm crops.

As the Committee begins to consider the 2012 Farm Bill, we are looking at all of the programs under the Committee's jurisdiction to ensure that we are spending available money as effectively as possible. Because we are in the midst of a difficult fiscal environment, it is important that we carefully evaluate all farm bill programs before we move forward. Specialty crop production is an important part of the U.S. farm economy, and we need to be sure that the programs in place optimize taxpayer dollars.

I want to thank our witnesses for testifying today and sharing their views and expertise. As producers from operations of various sizes that grow a diversity of products, they can provide the Committee with a comprehensive snapshot of what's going on at the ground level. They operate within these specialty crop and organic agriculture programs on a regular basis, so their perspective is an important part of our farm bill hearing process. This hearing and the others we are holding to consider farm programs will help us provide the most effective and efficient programs to farmers and ranchers and will lead to the best possible agriculture policy in the 2012 Farm Bill.

Thank you again, Chairman Cardoza, for holding today's hearing, and I look forward to hearing from today's witnesses.

The CHAIRMAN. Mr. Chairman, I think that everyone appreciates the work that you have done on the Financial Regulatory Reform Bill. Most folks don't realize that the Agriculture Committee had a substantial role in that bill. I will never forget the day that you came to the leadership meeting and informed us very early on in the process about the exposure that this country had with trillions of dollars of derivatives. More funds were housed in the derivatives market then the total amount of cash in the country. We didn't know how much exposure we had as a nation, and the work that you did will keep us from having the same kind of financial calamity I believe in the future. If anyone deserves watch the bill signing ceremony, you do. I very much appreciate your efforts.

I would also like to say there is no possible way that we could have ever put together the specialty crop title of the farm bill, or the whole farm bill, without you. It was the first bill to go through regular order under PAYGO and first to override two Presidential vetoes. Without your shrewd steering of the process, and managing this Committee in a bipartisan basis, none of this would have happened. I appreciate serving on this Committee with you and thank you for your efforts. Thank you, Mr. Chairman.

The chair is happy to recognize other Members to make brief opening remarks at this time if any Member would like to do so. Seeing none, I would like to welcome our witnesses to the witness table. I will try to not butcher your names, but if preceding history is any indication, I will butcher them anyway. I will do my best.

First of all we have with us, Mr. James Angelucci, General Manager of Phillips Mushroom Farms on behalf of the American Mushroom Institute from Pennsylvania. Welcome, sir. We have Mr. Robert N. Jones, Director of Production of The Chef's Garden from Ohio. We have Mr. Bernie Kohl, Jr., President of Angelica Nurseries, Incorporated, on behalf of the American Nursery & Landscape Association from Maryland. Welcome. We have Mr. Mark

Nicholson, Executive Vice President, Red Jacket Orchards, Geneva, New York. We have Mr. Paul Platz, corn, soybean, green pea and sweet corn producer from Lafayette, Minnesota. We have Mr. Daniel R. Richey, President and CEO of Riverfront Packing Company, President, Riverfront Groves, Incorporated, and President of Gulfstream Harvesting Company from Vero Beach, Florida. Welcome, sir. And we have Margaret A. Smith, Ph.D., Value Added/Sustainable Agriculture Extension Educator from Iowa State University, and Co-Manager of Ash Grove Farm in Hampton, Iowa.

Wow, I think my staff knows how much trouble I have pronouncing these names and they have done a good job of picking you so I didn't mess up. Mr. Angelucci, would you please begin when you are ready. You have 5 minutes. Feel free to summarize your testimony. The entire written testimony will be put in the record. Summarizing will leave us more time for questions. You may begin.

STATEMENT OF JAMES A. ANGELUCCI, GENERAL MANAGER, PHILLIPS MUSHROOM FARMS, KENNETT SQUARE, PA; ON BEHALF OF AMERICAN MUSHROOM INSTITUTE

Mr. ANGELUCCI. Thank you, Mr. Chairman. Thank you for the opportunity to testify today.

I am Jim Angelucci, General Manager of Phillips Mushroom Farms, a third-generation, family-owned operation with growing facilities in Kennett Square, Pennsylvania and in Warwick, Maryland. In addition to growing traditional white Portobello and Crimini mushrooms, we also are the largest producer of specialty mushrooms in the United States growing Shiitake, Oyster and four other varieties. Some of our Pennsylvania production is certified organic under the USDA Program. We also buy from other area farms, packed under other farms' labels and also have a processed-food division.

I am pleased today to give you some real world examples of how the public policy decisions that you make result in programs that are tangible and have positive impacts on the mushroom industry and for consumers. The mushroom farm community is particularly proud of our Food Safety Program. First, mushrooms have never been associated with a foodborne illness outbreak. Since mushrooms are grown indoors, certain risks are minimized but we have our own set of unique challenges. Following the 2006 *E. coli* outbreak in spinach, the mushroom industry realized we had to step up our on-farm Food Safety Program in order to assure customers of the safety of our product and to satisfy the increasing demand for audits. As a matter of fact, the Las Vegas line had mushrooms 6:1 to be the next commodity to have a problem.

In response, we came together and developed an industry-wide food safety standard specific to growing, harvesting and shipping of fresh mushrooms. It is known as MGAP, the Mushroom Good Agricultural Program. MGAP is consistent with the FDA *Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables.* It focused on risk involved in production based on science. It is attainable, auditable and verifiable. Just developing a program doesn't necessarily mean growers will follow it, so our next even more challenging task was how to get growers to implement it.

At this point, you may be asking what these voluntary food safety efforts have to do with the 2008 Farm Bill and today's hearing. Funding from the Pennsylvania Department of Agriculture through the Farm Bill Specialty Crop Block Grant Program has supported development and implementation of the MGAP Program. Block grant funds were spent to develop Food Safety Worker Training Programs, a website where growers could access all of the MGAP materials including standards, guidelines, training tools and forms needed for audit documentation. These tools are important so the grower can spend his or her time on implementation, not designing checklists and schedules.

But first, to gauge feasibility of the program, we ran a pilot program on a small farm testing all the materials we developed. We made modifications based on their experience. Finally, we held four training sessions with an overwhelming turnout. By using web-based tools and train the trainer workshops, we have disseminated food safety messages to literally thousands of our workers. By combining funds from the American Mushroom Institute and the Mushroom Council, we were able to expand our reach to all consumer mushroom farms in the United States. We have received technical assistance from Penn State University, private consultants and most importantly, from our industry leaders who volunteer their time and talents. In addition, the Pennsylvania Department of Agriculture has used a portion of the block grant funding to provide a cost-share program for good agricultural practices conducted by USDA, not only for mushroom growers but for all Pennsylvania fruit and vegetable growers.

With increasing frequency, produce buyers be they large packers/shippers, food service vendors or retail outlets are requiring GAP audits at the expense of the grower. For any farm but particularly a small operation, establishing a documented food safety program can be expensive and time consuming. Having all or part of the cost of the audit reimbursed through a Specialty Crop Block Grant Program has motivated farms to implement the MGAP Program.

I understand that during consideration of the farm bill questions arose as to why funds should go through the state departments of agriculture. Sixty-five percent of all U.S. mushrooms are grown in Pennsylvania, therefore the Pennsylvania Department of Agriculture understands the needs and concerns of our industry and recognizes the importance to the state's economy. It just makes sense that the state departments of agriculture would have better perspective on the local needs of the farmers they serve. As for accountability, the Pennsylvania Department of Agriculture and USDA have required extensive progress and final reports in outlining not only what has been accomplished but quantitative information on the impact of the projects.

So how do we measure success? Since the auditable MGAP Program has been in place, about 18 months, half of the mushroom farms in the U.S. and over 60 percent in Pennsylvania have successfully passed the MGAP audit. Even more importantly, these farms represent over 85 percent of U.S. production. In Pennsylvania, we have primarily small growers who struggle daily with the rising cost of production. They would not have been able to do this on their own. The work achieved through the Specialty Crop Block

Grant Funds resulted in even safer food product and documented program to enhance consumer confidence. As we face new food safety legislation and regulation from FDA, the mushroom industry feels that we are clearly prepared and especially the Specialty Crop Block Grants have played a large role in our success.

Thank you.

[The prepared statement of Mr. Angelucci follows:]

PREPARED STATEMENT OF JAMES A. ANGELUCCI, GENERAL MANAGER, PHILLIPS MUSHROOM FARMS, KENNETT SQUARE, PA; ON BEHALF OF AMERICAN MUSHROOM INSTITUTE

Mr. Chairman, thank you for the opportunity to testify today. I am Jim Angelucci, the General Manager of Phillips Mushroom Farms, a third generation, family-owned company with mushroom growing facilities in Kennett Square, PA and Warwick, MD.

I'm pleased today to give you some real world examples of how the public policy decisions you make result in programs with tangible and positive impacts for the mushroom industry and for consumers.

The mushroom farm community is particularly proud of our food safety record. Fresh mushrooms have never been associated with a foodborne illness outbreak. Since mushrooms are grown indoors, certain risks are minimized, but we have our own set of unique challenges.

Following the 2006 *E. coli* outbreaks in spinach, the mushroom industry realized we had to step up our on-farm food safety programs in order to assure our customers of the safety of our product and to satisfy the increasing demand for audits. In response, we came together and developed an industry-wide food safety standard specific to the growing, harvesting and shipping of fresh mushrooms. It is known as MGAP—the Mushroom Good Agricultural Practices program.

MGAP is consistent with the FDA *Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables.* It is focused on the risks involved in production and based on science; it is attainable, auditable and verifiable. But just developing a program doesn't necessarily mean growers will follow it; so our next and even more challenging task was how to get growers to implement it.

At this point you may be asking what these voluntary food safety efforts have to do with the 2008 Farm Bill and today's hearing.

Funding from the Pennsylvania Department of Agriculture through the Farm Bill's Specialty Crop Block Grant program has supported the development and implementation of the MGAP program. Block grants funds were spent to develop food safety worker training programs, a website where growers can access all the MGAP materials, including the standards, guidelines, training tools, and forms needed for audit documentation. These tools are important so a grower can spend his or her time on implementation not on designing checklists and schedules.

But first, to gauge the feasibility of the program, we ran a pilot program at a small farm testing all the materials we developed. We made modifications based on their experiences. Finally, we held four training sessions with an overwhelming turnout. By using web-based tools and train-the-trainer workshops, we have disseminated food safety messages to literally thousands of our workers. And by combining funds from the American Mushroom Institute and the Mushroom Council, we were able to expand our reach to all commercial mushroom farms in the United States. We received technical assistance from Penn State University, private consultants, and most importantly, from our industry leaders who volunteered their time and talents.

In addition, the Pennsylvania Department of Agriculture has used a portion of block grant funding to provide a cost share program for Good Agricultural Practice audits conducted by USDA—not only for mushroom growers but for all Pennsylvania fruit and vegetable growers

With increased frequency, produce buyers—be they large packer/shippers, foodservice vendors or retail outlets—are requiring GAP audits, all at the expense of the grower. For any farm, but particularly a small operation, establishing a documented food safety program can be expensive and time consuming. Having all or a part of the cost of an audit reimbursed through the Specialty Crop Block Grant program has motivated farms to implement the MGAP program.

I understand that during consideration of the farm bill, questions arose as to why the funds should go through state departments of agriculture. Sixty-five percent of all U.S. mushrooms are grown in Pennsylvania. Therefore, the Pennsylvania De-

partment of Agriculture understands the needs and concerns of our industry and recognizes our importance to the state's economy. It just makes sense that a state department of agriculture would have a better perspective on the local needs of the farmers they serve.

As for accountability, the Pennsylvania Department of Agriculture and USDA have required extensive progress and final reports outlining not only what has been accomplished but quantitative information on the impact of the projects.

So how do you measure success? Since the auditable MGAP program has been in place—about 18 months, half of the mushroom farms in the U.S. (and over 60 percent in Pennsylvania) have successfully passed a MGAP audit. Even more importantly, these farms represent over 85 percent of U.S. production.

In Pennsylvania, we have primarily small growers who struggle daily with the rising costs of production. They would not have been able to do this on their own. The work achieved through the Specialty Crop Block Grant funds resulted in an even safer food product and a documented program to enhance consumer confidence. As we face new food safety legislation and regulations from FDA, the mushroom industry feels that we are clearly prepared, and the Specialty Crop Block grants have played a large role in our success.

Thank you.

The CHAIRMAN. Thanks you, sir.

I will get back to my list. Next we have Mr. Robert Jones, Director of Production of The Chef's Garden in Huron, Ohio. Mr. Jones, you have 5 minutes to testify. Thank you very much.

STATEMENT OF ROBERT N. JONES, JR., DIRECTOR OF PRODUCTION, THE CHEF'S GARDEN, HURON, OH

Mr. JONES. Good morning. Thank you for the opportunity this morning and thank you for your public service.

My name is Bob Jones. I am a vegetable grower from The Chef's Garden in Huron, Ohio. The Chef's Garden is a multi-generational family farm specializing in sustainably-grown gourmet vegetables for four and five star restaurants in all 50 states and 12 additional countries. I am proud to say that my children are the fourth generation to have worked on our family farm, and we hope to continue the agricultural legacy of the Jones Family long into the future.

We have been fortunate and truly blessed to have developed relationships with chefs patient enough to teach a family of dirt farmers the food business. The Chef's Garden grew out of necessity. After many years as wholesale vegetable growers, suffering financial hardship, losing the family farm in 1983, we began rebuilding by custom growing for chefs we first met at Cleveland-area farmers markets.

My personal experience with the farm bill comes by the way of the Specialty Crop Block Grant Program funded by USDA and in Ohio, administered by the Ohio Department of Agriculture. I have served on the Grant Review Committee in Ohio for the past 2 years. First of all, let me say how critically important this source of funding is to the specialty crop industry. It is at this time in Ohio the sole source of funding available to this entire industry.

In Ohio, we have what I consider a rather unusual problem that has created a tremendous opportunity. The amount of fresh produce consumed in our state is several times that of the amount of produce being grown in the state, yet the vast majority of Ohio's productions of fresh fruits and vegetables are exported out of the state. This is a losing proposition for both producers and consumers of fresh produce. When considering sustainability issues and car-

bon footprints, our growers must strive to balance the production and consumption numbers in our state. We must truly listen to our consumers' needs, and then convince growers to meet and exceed those needs. This, in my opinion, is where the greatest value of the Specialty Crop Block Grant Program comes from, helping specialty crop producers help themselves.

Sixty percent of all the nation's farmers do not raise farm bill program crops, and, therefore, do not receive direct subsidies. Please let me be very clear on this point. We do not want them. Ohio growers like myself are much more interested in becoming better growers, marketers and promoters. The technical research on production methods, conservation issues, nutritional programs, Farm-to-School Program, promotional activities and food safety programs such as our Ohio Produce Marketing Agreement and producer-consumer connection activities are much more valuable to the sustainability of our specialty crop industry than direct subsidies.

In Ohio, we have funded several such activities and are just beginning to see the potential benefit of these projects. We need to help our growers better understand the producer-consumer imbalance and find ways to eliminate it, and then begin marketing outside of our state as we are within 500 miles of the vast majority of the entire populations of both U.S. and Canada.

Ohio and other Midwest specialty crop producers could and should be supplying these consumers the majority of their fresh produce year round. Helping specialty crop producers understand and take advantage of the opportunities that exist for them is critical. We can only accomplish these lofty goals with continued support of the Specialty Crop Block Grant Program. The current program however could be even more workable if the funding formula were more balanced per its distribution by state.

I understand that under the farm bill each state receives a minimum grant, and then the balances of available dollars are distributed according to specialty crop cash receipts data by state. Currently, it appears that Ohio, for example, received only about one percent of these additionally distributed dollars, compared to California which is receiving nearly 40 percent. I understand this funding discrepancy and the need to flow more dollars to the states with more production. That said, in states like Ohio we do not have existing support systems or technical assistance similar to what others enjoy.

The block grant program is one of the few tools we have to support our growers and better realize our specialty crop opportunities. To meet this need, I believe some shifts in the existing formula may be warranted.

I also believe the program's success would benefit from having each state's specialty crop producers involved in determining the best use of each state's allotment funds once the funds are in the state departments of agriculture. It would also help if the funding cycle were moved to an earlier time of the year. Under the current funding system, some states do not find out the amount of funding they will receive until February. USDA contracts for these projects are not finalized until August or September which makes it dif-

ficult to conduct in-season research projects within the funding year.

It is also difficult for specialty crop producers to be involved during the growing season. Moving the entire funding cycle back a month or 2 could help to keep the very people this program is intended to help involved in the state level decision-making process, and will, in my opinion, dramatically increase the effectiveness of the program.

In closing, the Specialty Crop Block Grant Program is critically important and helpful. It is truly the only way to keep our industry sustainable into the future. Thank you for the opportunity to participate in this process and I would welcome any questions.

[The prepared statement of Mr. Jones follows:]

PREPARED STATEMENT OF ROBERT N. JONES, JR., DIRECTOR OF PRODUCTION, THE CHEF'S GARDEN, HURON, OH

Good morning.

My name is Bob Jones. I am a vegetable grower from The Chef's Garden in Huron, Ohio. Thank you all for your public service and for the opportunity to speak about the specialty crop and organic agriculture programs at the USDA.

The Chef's Garden is a multi-generational family farm specializing in sustainably-grown gourmet vegetables for four and five star restaurants in all fifty states and twelve countries. I am proud to say my children are the fourth generation to work on our farm, we hope to continue the Jones family farming legacy long into the future. We have been fortunate and blessed to develop relationships with chefs patient enough to teach a family of dirt farmers the food business.

The Chef's Garden grew out of necessity. After many years as wholesale vegetable growers, suffering financial hardship, losing the family farm in 1983, we began rebuilding by custom-growing for chefs we met at Cleveland area farmer's markets.

My personal experience with the farm bill comes by way of the Specialty Crop Block Grant Program, funded by the USDA, and administered in Ohio by the Ohio Department of Agriculture. This source of funding is critical to the specialty crop industry. It is, at this time, the sole source of funding available to this industry as a whole.

In Ohio, we have an unusual problem that has created a tremendous opportunity. The amount of fresh produce consumed in our state is several times the amount grown in our state. Yet the vast majority of Ohio's fresh fruits and vegetables are exported out of the state. This is a losing proposition for both the growers and consumers of fresh produce. When considering sustainability and carbon footprints, we growers must strive to balance the production and consumption numbers in our state. We must truly listen to our consumers' needs, and then convince growers to meet and exceed those needs. This is where the Specialty Crop Block Grant Program is most valuable: helping specialty crop producers help themselves!

Sixty percent of all the nation's farmers do not grow farm bill "program crops" and therefore do not receive direct subsides. (site: USDA, 2007 Farm Bill Proposals, page 171) Please hear me clearly: we do not want them! Ohio growers like me are much more interested in becoming better growers, marketers and promoters. The technical research on production methods, conservation issues, nutritional programs, farm to school programming, promotional activities, Food Safety programs such as our "Ohio Produce Marketing Agreement," and producer/consumer connection activities, are much more valuable to the sustainability of our specialty crop industry than direct subsidies. In Ohio we have funded several such projects and are just beginning to see their potential.

In Ohio, we need to better understand the producer/consumer imbalance and find ways to eliminate it, and then begin marketing outside of our state as we are within 500 miles of the vast majority of the populations of both the U.S. and Canada. Ohio and other Midwest farms could and should supply the majority of these consumers' fresh produce year-round.

Helping specialty crop producers understand and take advantage of the opportunities that exist for them is critical. We can only accomplish these lofty goals with continued support of the Specialty Crop Block Grant Program.

However, the current program could be even more workable if the funding formula was more balanced per its distribution by state. I understand that under the

farm bill, each state receives a minimum grant and then the rest of the available dollar(s) are distributed according to specialty crop cash receipts data by state. Currently it appears that Ohio, for example, receives only about one percent of these additionally distributed dollars compared to California receiving nearly 40 percent. I understand this funding discrepancy and the need to flow more dollars to the states with more production. That said, in states like Ohio, we do not have existing support programs and systems of technical assistance similar to what other states enjoy. The block grant program is one of the few tools we have to support our growers and better realize our specialty crop opportunities. To meet this need, I believe some shifts in the existing formula may be warranted. I also believe the program's success would benefit from having each state's specialty crop producers involved in determining the best use of each state's allotted funds once the funds are in the hands of the state departments of agriculture.

It would also help if the funding cycle was moved to an earlier time of year. Under the current funding cycle, in some years states do not find out the amount of funding they will receive until February. USDA contracts for these projects are not finalized until August or September, which makes it difficult to conduct in-season research projects within the funding year. It is also difficult for specialty crop producers to be involved during the growing season. Moving the entire cycle back a month or 2 could help keep the very people this program is intended to help, involved in state-level decision-making, and will, in my opinion, dramatically increase the program's effectiveness. The Specialty Crop Block Grant Program is critically important and helpful. It is truly the only way to help our industry sustain itself in the long run.

Thank you for the opportunity to participate in this process, and for your support of our industry. I welcome any questions you may have.

ATTACHMENT

The Chef's Garden®

The Story of Our Family Farm

When this story began — some 40 years ago, not far from the shores of Lake Erie — Bob Jones could be found tinkering with an old John Deere tractor, designing modifications that would help to pull wagons of sweet corn from the field to the packing shed.

Every week, Bob and his two sons, Lee and Bobby, harvested and packed produce to take to the Cleveland farmers' markets. They also sold their produce daily from a stand in the front yard of their farm home.

In the 1980s, after a significant loss of acreage following a severe hailstorm threatened their survival in agriculture, Lee Jones met a chef who was interested in purchasing squash blossoms. As they rebuilt, the family made a decision to do things a little bit differently.

Conventional farming that emphasized high yield over flavor was out, and growing responsibly for quality instead of quantity was the Jones family's new direction. A world of micro greens, micro herbs, heirloom vegetables, specialty lettuces and edible flowers blossomed at the farm.

In Huron, Ohio, the lake winds bring sweet, moist air, and the soil, which was formerly lake bottom, is sandy and fertile. This combination offers the perfect microclimate for "growing vegetables slowly and gently in full accord with nature."® This is the commitment that guides the family's approach to agriculture today.

In order to grow foods with optimum quality, flavor, nutrition and shelf-life, The Chef's Garden is committed to sustainable agricultural practices that replenish nutrients depleted from the soil. Embracing the traditional philosophies of farming and recognizing the importance of growing crops through natural means, The Chef's Garden rebuilds the soil by letting the land sit fallow, planting specific cover crops for compost, and avoiding pesticides and other chemicals that are commonly used to control weeds and insects.

While farming at The Chef's Garden has evolved "back in time," using methods employed by our great grandfathers, innovation and new product development help us remain the leading grower of artisanal produce in the nation. In addition, advanced food safety programs, which include regular testing for foodborne illnesses and enable us to track each product from seed to shipping, provide our customers with food they can be confident to serve their guests.

Recognizing our like-minded methods and philosophies, we've been privileged to supply produce to some of the finest restaurants around the world for nearly 30 years. We believe that our successes come from a doggedness to survive in agriculture, our commitment to delivering the best-tasting and freshest products direct from Earth to Table®, and a constant quest to improve.

The Chef's Garden®

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The CHAIRMAN. Thank you, Mr. Jones.

Mr. Bernie Kohl, President of Angelica Nurseries, welcome, sir, and please proceed with your testimony.

STATEMENT OF BERNARD KOHL, JR., PRESIDENT, ANGELICA NURSERIES, INC., KENNEDYVILLE, MD; ON BEHALF OF AMERICAN NURSERY & LANDSCAPE ASSOCIATION

Mr. KOHL. Thank you, Mr. Chairman, Subcommittee Members and guests.

I am Bernie Kohl, a third generation nurseryman and President of Angelica Nurseries located on Maryland's scenic eastern shore. Angelica is Maryland's largest wholesale grower, producing quality landscape plants for customers in the eastern U.S. I am also here today on behalf of the American Nursery & Landscape Association.

I thank you for the fact that the 2008 Farm Bill recognizes the important role of specialty crops including nursery crops and floriculture. Our industry provides young trees and plants to American farms that grow apples, oranges, peaches, grapes and strawberries. We grow the plants that surround the U.S. Capitol and your own homes. Our plants provide real benefits like urban cooling, carbon capture and improved air and water quality.

While in town I intend to visit my Congressional delegation to urge their support for H.R. 4509, the Small Business Environmental Stewardship Act. I would like to thank Representative Kurt Schrader for introducing this important tree planting bill.

Nursery and greenhouse crop sales are about $17 billion each year at farm gate. Our industry ranks among the top five agricultural commodities in 28 states, and among the top ten in all 50 states. We represent ⅓ of the value of all specialty crop production in the U.S.

The industry has survived without market distorting subsidies or price supports. We would like to keep it that way. Our farm bill priorities focus on critical infrastructure and programs to enable success. I will mention a few highlights. Details are in my written testimony.

First, the 2008 Farm Bill helps to address a serious threat of invasive plant pests. Section 10201 provides funding for innovative programs to identify, detect and respond to plant pest threats from around the world. USDA's APHIS has set clear goals based on the farm bill language and is working with interested parties including ANLA. Important work under one of these goals, safeguarding nursery production will set the stage for a modernized certification system for nursery crops including interstate and international commerce.

Section 10202 of the farm bill established a National Clean Plant Network or NCPN to protect U.S. specialty crops such as grapes, peaches and apples from catastrophic plant pests. Robert Wooley, an internationally respected fruit and nut treestock grower recently said of the program, "The NCPN could be considered the poster child for the positive impact we have enjoyed from the inclusion of specialty crops funding in the latest farm bill." The NCPN has enabled nurseries to eliminate common virus from nursery stock and at the same time to monitor for exotic, invasive disease in a unique and innovative surveillance program. The NCPN is also providing

a mechanism to update and harmonize state certification programs which will facilitate interstate commerce of clean nursery trees.

Perhaps the most significant benefit is the maintenance and improvement of the clean plant programs at Washington State University, the University of California and Clemson University. These programs provide essential disease testing therapy for domestic and imported fruit in great varieties. Farm bill funding has been timely and critically important to sustaining their survival.

On the topic of research, we appreciate establishment of the Specialty Crops Research Initiative, yet we remain concerned with the required 1:1 matching funds for these grants. This requirement puts some sectors at a disadvantage. SCRI grants are multi-year and many traditional industry funding sources cannot commit multi-year funding.

Finally, the USDA ARS and other Federal partners are disadvantaged because other Federal resources cannot count toward the matching requirement. The Specialty Crop Block Grant Program, which provides grants on a formula basis to the states to fund projects important to the specialty crop industries, a number of state associations in our industry have successfully applied for these grants. I have included two examples in my written statement.

Nursery growers appreciate the 2008 Farm Bill expanded eligibility under the Tree Assistance Program however we have encountered problems with the TAP implementation which are described in my written statement. Resolution seems close but we would appreciate your help if problems exist.

While many farm bill provisions are making a positive difference, we want to note a serious threat from the Biomass Crop Assistance Program or BCAP. The potential diversion of forestry byproducts, most notably tree bark, from established markets to energy generation could devastate nursery producers across the U.S. Over 70 percent of nursery crops are now grown in containers, and bark is the most important component of the growing substance that fills these containers. BCAP subsidies threaten our $17 billion industry and could fuel loss of market share to imports from Canada and elsewhere. BCAP subsidies should encourage new biomass crops and opportunities, but not disrupt established markets at taxpayer expense.

Let me end with an issue that is on the minds of all specialty crop producers, farm labor. As important as the farm bill is, growers cannot survive without labor. We now face a perfect storm resulting from aggressive worksite enforcement, Congressional inaction and regulatory overkill. Most producers are one I–9 audit away from disaster. A few of us are trying to use the legal program known as H–2A and we are struggling with a third set of rules in 3 years. Labor reform will enable a bright future. Ignoring the problem will cause American production on-farm and off-farm jobs to leave the country. We support the AgJOBS Bill, H.R. 2414 as a balanced bipartisan solution.

Thank you again for your leadership and the opportunity to speak to you today. We look forward to collaborating on the next farm bill.

[The prepared statement of Mr. Kohl follows:]

PREPARED STATEMENT OF BERNARD KOHL, JR., PRESIDENT, ANGELICA NURSERIES, INC., KENNEDYVILLE, MD; ON BEHALF OF AMERICAN NURSERY & LANDSCAPE ASSOCIATION

Thank you, Chairman Cardoza, Ranking Member Schmidt, Subcommittee Members, and distinguished guests, for this opportunity to present testimony on implementation of the 2008 Farm Bill's Specialty Crop title, on behalf of the U.S. nursery and greenhouse industry. I am Bernie Kohl, President of Angelica Nurseries, located on the beautiful and agriculturally important Eastern Shore of Maryland. Angelica Nurseries is a third-generation wholesale growing operation producing quality landscape plants for customers up and down the Eastern Seaboard and into the Midwest. Angelica is the largest nursery in the State of Maryland, and one of the largest agricultural employers in the state.

My remarks today are presented on behalf of the American Nursery & Landscape Association (ANLA). ANLA is a leading member of the Specialty Crop Farm Bill Alliance, with whom we collaborated on the 2008 Farm Bill's specialty crop provisions. We join in thanking the Chairman and the Subcommittee for successfully crafting a farm bill that for the first time recognizes in a serious way the role of specialty crops, including nursery crops and floriculture. We look forward to working with you as the 2012 Farm Bill begins to take shape.

Though struggling through the economic downturn, the nursery and greenhouse industry is a bright spot in U.S. crop agriculture. The combined U.S. nursery, floriculture, and landscape industry, collectively known as the "green industry," has an estimated economic impact of $147.8 billion.[1] The industry employs 1.95 million individuals, generates $64.3 billion in labor income, and provides $6.9 billion in indirect business taxes. Products and services offered by the green industry directly contribute to production of apples, citrus, grapes, strawberries, and other food crops; to sustaining our environment; and to improving the quality of life in rural, suburban and urban communities. Landscape plants provide ecosystem service benefits that range from reducing energy needs, to fostering carbon sequestration, and improving water quality and storm water management.

U.S. nursery and floriculture crop production represents a major component of the nation's specialty crop agriculture. According to the USDA's 2007 Census of Agriculture, nursery, greenhouse and floriculture annual crop sales totaled roughly $17 billion at farm gate. Nursery and greenhouse crop production now ranks among the top five agricultural commodities in 28 states, and among the top ten in all 50 states. The sector represents roughly a third of the value of all specialty crop production in the U.S. In Maryland, nursery and greenhouse annual production totaled about $209 million according to the 2007 Census.

The Farm Bill and the Nursery Industry

The U.S. nursery industry has developed and thrived without the influence of market-distorting subsidies, price supports, or similar programs. Most wish to keep it that way. Consistent with this history and philosophy, our priorities in the 2008 Farm Bill focused on critical infrastructure and programs to deal with plant pest and disease threats, and to fund needed research. Global trade and travel have accelerated the pace of new pest introductions. Given the diversity of crops that the industry produces, virtually every new plant pest that arrives and establishes in the U.S. becomes a production or market access problem for the nursery industry. Emerald ash borer, Asian longhorned beetle, and the pathogen responsible for "sudden oak death" are just a few examples with which the industry is struggling.

The 2008 Farm Bill did several positive things relating to the serious threat of plant pests and diseases:

- Section 10201 provided critical funding and direction for innovative initiatives to identify and mitigate offshore threats, and improve pest detection and rapid response in the U.S. So far, USDA's Animal & Plant Health Inspection Service (APHIS) has set priorities based upon six goal areas drawn directly from the language of the farm bill. While this is long-term work, and success at prevention is not always easy to measure, we believe APHIS has so far done a good job of involving stakeholders in an open and transparent process for identifying and funding the best ideas to accomplish the goals.

  Specific projects funded and suggested for future funding under the "Safeguarding Nursery Production" goal are setting the stage for a modernized sys-

[1] *The Economic Impact of the Green Industry in the United States.* Hall, Charles R., Alan R. Hodges, John J. Haydu. Southern Agricultural Economics Association, 2006.

tem for the certification of nursery crops moving in interstate and international commerce.

One critically important goal under 10201 is to more effectively identify and mitigate, potential threats plant pest threats to U.S. agriculture *before* they arrive at our airports and ports, and make their way to our farms and forests. Strategic research and analysis on pest threats which might reach our shores in the next few years is essential to our ability to avoid introduction, or to eradicate pests or diseases quickly if they do arrive here. If we were to share one constructive criticism for the deployment of 10201 funds so far, it would be that too few projects have been designed and implemented for offshore pest threat identification and mitigation.

- Section 10202 of the farm bill established the National Clean Plant Network (NCPN). The NCPN was created to protect U.S. specialty crops, such as grapes, nuts, apples, peaches and other fruits, from the spread of economically harmful plant pests and diseases. The NCPN will contribute to the global competitiveness of U.S. specialty crop producers by creating high standards for our clean plant programs for these vital crops. The program will improve U.S. growers' access to the newest and most profitable plant varieties from around the world, without the devastating plant diseases that exist elsewhere in the world.

  Robert Woolley, an internationally respected grower of deciduous fruit and nut tree nursery stock, represents ANLA in the NCPN governance structure. He recently participated in the annual meeting of parties involved in NCPN, and had this to say after the meeting concluded:

  > *"The NCPN could be considered the poster child for positive impact we have enjoyed from inclusion of specialty crops funding in the latest farm bill. With farm bill funding, the NCPN has enabled nurseries to eliminate common virus from nursery stock and, at the same time, to monitor for exotic, invasive disease in a unique and innovative surveillance program. The NCPN is also providing a mechanism to update and harmonize state certification programs which will facilitate interstate commerce of 'clean' nursery trees. Perhaps the most significant benefit of the establishment of the NCPN, however, is the maintenance and improvement of clean plant programs at Washington State University and the University of California as well as Clemson University in South Carolina. These programs provide essential disease testing and therapy for both domestic and imported fruit and grape varieties, and farm bill funding via the NCPN has been timely, and critically important to sustaining their survival."*

  The establishment and maintenance of the National Clean Plant Network was one of our highest farm bill priorities. We are truly impressed with the progress that has been made already on this program.

- In Section 10203, Congress intended the Secretary of Agriculture to be the final word on emergency pest funding decisions. In California, we have witness time and again where the experts at fighting pests are overruled by the Office of Management and Budget. The result has been delayed funding and more pests. We appreciate this Committee's efforts to correct this bureaucratic problem. Early indications suggest that OMB remains the final word and we would ask that you closely monitor this situation.

Specialty Crops Research Initiative

We appreciate the recognition, through the Specialty Crops Research Initiative in the 2008 Farm Bill, of the need for research funding to support the specialty crop industry. We remain concerned, however, with the required 1:1 funding match for these grants. This requirement puts many specialty crop growers at a disadvantage, especially in industries that do not have check-off programs. SCRI grants are multi-year, and most traditional industry funding sources (including our own research endowments, the Horticultural Research Institute, and the American Floral Endowment) cannot commit funding for multiple years. We are also concerned that the match requirement, as implemented, is placing USDA–ARS and other Federal partners on a less-than-competitive playing field because other Federal funds and resources cannot be used to meet the matching requirement.

A longer term concern with the creation of the National Institute for Food and Agriculture—NIFA—is that the move toward long term, systems competitive funded research reduces funding that could be applied to meet immediate or quickly emerging research needs, such as those resulting from the introduction of invasive pest species. We feel that it is critical for USDA to maintain and increase funding efforts for its intramural research agency, USDA–ARS, in a balanced way with respect to

competitive funds available through NIFA. Increased funding is also needed for the formula-funded Smith-Lever and Hatch Act as these programs provide for the base research and educational delivery infrastructure for Cooperative Extension and State Experiment Station programs. If we allow our national research infrastructure to deteriorate for lack of funding for traditional pest and disease research, we will not easily be able to rebuild it.

Unintended Consequences of the Biomass Crop Assistance Program

While many provisions of the 2008 Farm Bill are already making a positive difference, we must alert you to a serious potential unintended consequence of one particular program, the Biomass Crop Assistance Program, or BCAP. While the program's goals are worthy, the potential diversion of certain forestry byproducts—most notably softwood and hardwood bark—from established value-added markets could devastate nursery producers across the U.S. for these simple reasons: most nursery crops are now grown in containers, and the single most important component of the growing substrate that fills these containers is bark.

Over 70 percent of the nursery crops and 100 percent of the greenhouse crops produced in the U.S. are now grown in containers. The major ingredient for the growing media or "substrates" used in container production is bark. Diversion of bark supplies for other uses, or a sharp and significant change in their market price due to market-distorting subsidies, threatens the domestic nursery and greenhouse industry and much of the $17 billion in annual nursery and greenhouse crop sales across the country. Market price distortions or diversion of bark resulting from inclusion in the BCAP will seriously impact domestic production and could fuel loss of market share to imports from Canada and elsewhere.

It is worth noting that already, over 95% of bark byproducts have established value-added markets. Roughly 83% of softwood bark, and 70% of hardwood bark, is already used for energy generation. In this respect, BCAP subsidies would seem to represent a solution in search of a problem. Concerns about future bark availability due to market forces had already prompted the industry to fund a multi-year project to develop alternative substrates. However, the work is long-term, and the disruption and damage done by bark subsidies is a clear and immediate danger.

ANLA recently submitted official comments to USDA's Farm Service Agency, in which we offered a series of recommendations on how to address this concern. While the issue is now in the regulatory realm, we are grateful for the opportunity to alert the Subcommittee to the potential unintended consequences that will result if bark and other wood waste materials with established markets are included in the BCAP.

Specialty Crop Block Grant Program

One aspect of the Specialty Crop title of the farm bill is the Specialty Crop Block Grant Program. This program provides grants on a formula basis to the states to fund projects important to the success of specialty crop industries. A number of state associations in our industry have successfully applied for these grants. Following are two examples of the types of projects funded:

- Pennsylvania Landscape & Nursery Association received a grant to develop a technical manual for PennDOT on proper installation and maintenance plant material along road rights-of-way to mitigate stormwater runoff from highways. The project should be completed by June 2011.
- The North Carolina Green Industry Council received a $47,000 specialty crop block grant last year to promote outdoor water use efficiency and water conservation to the citizens of NC in an effort to reinvigorate consumer purchasing of plants, trees and turf. Three major droughts over the last 10 years in the region have led to outdoor watering bans and water restrictions which crippled nursery growers, garden centers and landscape contractors. In partnership with North Carolina State University, the GIC published and distributed over 200,000 Water Wise Works and Watering Tips brochures to consumers across North Carolina using retail displays and direct distribution to landscape contractors, nurseries, sod growers, extension agents and municipalities. The Governor designated July 2010 as Smart Irrigation Month. A statewide billboard campaign is directing consumers to a new website developed with the specialty block grant money, *www.SavingWaterNC.com.*

Risk Management, Crop Insurance, and Tree Assistance Program

Nursery growers appreciate that the 2008 Farm Bill expanded eligibility under the Tree Assistance Program (TAP). However, we have encountered problems with TAP implementation. USDA's Farm Service Agency (FSA) took the position that trees were ineligible unless they produced a crop. This was contrary to Congressional intent which expanded TAP coverage by recognizing trees and "bushes" as

crops themselves. We believe that a recent communication involving FSA, Congressional and Committee staff resolved the matter and that FSA is correcting its TAP handbook. We hope the Committee can help us to ensure that FSA has communicated this policy correction to its local offices.

Another apparent glitch, in FSA's TAP computer program, resulted in disallowing reimbursement of rehabilitation, pruning, and site preparation costs for containerized trees while nevertheless allowing reimbursement of such costs for in-ground trees. We have been assured this technical error is in the process of being corrected, but no timetable has been given. Again, we would appreciate the Committee's assistance ensuring that FSA has resolved or is resolving this.

On the broader question of risk management, the crop insurance system is not serving the needs of the nursery and greenhouse sector. Growers report that crop insurance agents in Tennessee, for example, have had over 70 % of their policies dropped since the nursery crop insurance calamity that happened as a result of the Easter freeze and drought of 2007. Prominent factors for the decline are a lack of educated adjusters and a lack of clear interpretation (adjuster to adjuster and even within RMA) of the specialty crop insurance policy. We would be happy to share previous testimony on problems with the crop insurance system and nursery crops.

Agricultural Labor and Immigration Policy

As important as the farm bill has become to America's specialty crop industries, it is difficult to have a serious discussion about the future success of specialty crop producers without acknowledging the elephant in the room: farm labor. Hired labor is critical to most specialty crop producers, and we now face a "perfect storm" resulting from Congressional inaction and regulatory excess.

The facts are stark. Most farm workers lack legal status. Many have been here for years, and are highly skilled and essential. The recession has done virtually nothing to change the reality: While we have seen a small uptick in Americans applying for farm jobs, few actually report to work, and many fewer stay.

Aggressive worksite enforcement that began near the end of the Bush Administration has accelerated under the Obama Administration. Specialty crop and dairy producers are especially vulnerable. Farmers are one I–9 audit away from disaster. Meanwhile, the only legal labor safety net, known as H–2A, has long been difficult and unattractive. Producers are now struggling through the third set of rules in 3 years. The program has descended into regulatory chaos. I can say this with authority, as we have been using the program for over 10 years.

We fully recognize that farm labor is not a traditional farm bill issue. Nonetheless, we raise it for this simple reason: lack of timely and thoughtful resolution of the farm labor crisis will hasten the offshoring of our specialty crop and livestock agriculture. As production shifts to Canada or Mexico or Chile or China, America will lose thousands upon thousands of U.S. jobs upstream and downstream of the farmer that exist here now because we are producing here. We respectfully urge your leadership and support for enactment of the bipartisan and urgently needed reforms of the AgJOBS bill, H.R.2414, whether as part of a comprehensive immigration reform bill, or an important step toward fixing our broken immigration system.

Conclusion

Members of the Subcommittee, thank you for the opportunity to testify on behalf of the U.S. nursery and greenhouse industry. The 2008 Farm Bill for the first time truly recognized the importance of specialty crops, including nursery and floriculture. Together, specialty crops now represent almost half of the value of total crop production in America, and the specialty crop title of the 2008 Farm Bill placed emphasis on practical, solutions-oriented programs. We recognize that the next farm bill cycle will be exceptionally difficult from a budgetary standpoint. We thank you for your work to date, and hope you will join together to protect specialty crops' place at the table, going forward.

The CHAIRMAN. Thank you very much, sir.

Mr. Mark Nicholson, Executive Vice President of Red Jacket Orchards from Geneva, New York. Thank you, sir, for being here and please proceed with your testimony.

STATEMENT OF MARK NICHOLSON, EXECUTIVE VICE PRESIDENT AND PART OWNER, RED JACKET ORCHARDS, MEMBER, BOARD OF DIRECTORS U.S. APPLE ASSOCIATION, GENEVA, NY

Mr. NICHOLSON. Thank you. Good morning, Chairman Cardoza, Ranking Member Schmidt, and distinguished Members of the Committee, but I would also like to specifically recognize New York Congressmen Bill Owens and Scott Murphy and express our appreciation for their participation on this Committee.

Thank you for the opportunity to speak with you today regarding the impact of the 2008 Farm Bill. My name is Mark Nicholson and I serve on the board of the U.S. Apple Association and am a member of the third-generation that operates Red Jacket Orchards located in Geneva, New York. Our integrated farm business includes a 600 acre fruit farm, fruit packing facility, juice processing plant, a metro New York farmers market and wholesale distribution operation which my brother, father and I own and operate. We primarily grow fresh market apples and other specialty fruit crops, and also press apple cider and 100 percent fruit juices.

I had the pleasure to testify during the farm bill hearings in Canandaigua, New York during the summer of 2006. I am proud that many of our industry's top priorities were incorporated in the 2008 Farm Bill, a truly notable milestone for our industry. As I stated then, and I feel is worth repeating here, apple growers and the produce industry have never relied upon direct payment programs to support grower income or market prices. Instead, we strongly advocate programs that help grow demand for, and consumption of, our products and the long-term competitiveness and sustainability for our industry. I believe the 2008 Farm Bill met these goals and would like to thank Chairman Cardoza for his leadership on behalf of the specialty crop industry during the last farm bill's lively debate.

I believe these programs are a good investment in our industry especially in these tough economic times. Today, specialty crop producers face an interesting dichotomy. On the one hand we are under pressure like never before from increased input costs and competition from low-cost producers like China. On the other hand, consumers are more aware than ever of the health benefits inherent in our products, and their need to fight obesity and to make healthier choices. I much prefer that the healthy apple or other produce snack consumers increasingly reach for has a grown in the USA sticker on it rather than a sticker from another country like China, which produces over half of the world's apples.

For the sake of time I am going to focus on just a few of the many specialty crop farm bill programs supported by the apple industry. My written testimony goes into further detail and I would be happy to answer any questions the Committee Members might have.

The Specialty Crop Research Initiative: as growers and small business owners we must overcome challenges in order to remain in business for 50+ years as our family has been fortunate enough to do. As a plant science graduate from Cornell University, I have a special interest in, and understanding of, the power of science. I believe strongly that with adequate funding our research institu-

tions cannot only help us to overcome these numerous challenges, but also give our next generation of family members the tools they will need to thrive for another 50 years.

The U.S. apple industry has been an active participant in the SCRI and is pleased to champion this USDA Program. A number of projects selected for funding are already well under way covering everything from pest control to fruit quality and automation of orchard operations. While these projects have significant apple components, their activities and results also impact other specialty crops such as peaches, walnuts, pears, cherries and strawberries. Project participants span the country and include over a dozen institutions.

Fruit and Vegetable Program: I believe passionately that the Fruit and Vegetable Program, which was expanded to all 50 states in the last farm bill and provides a fresh fruit or vegetable snack to elementary-age school children, provides the best opportunity for a win-win program. As a parent of a 15 month old son and 6 year old daughter, I see the power daily of teaching healthy eating habits and providing proper food choices at an early age. My daughter, Lily, continues to surprise me by regularly choosing a piece of fruit over candy or a sweet when given a choice.

The Food and Vegetable Program has been immensely popular in New York and throughout the country. For example, the elementary school in North Rose, New York participated in the program and the results were phenomenal. Students there tried fruit like kiwi which some had never seen before and even in the middle of apple country, many students were not accustomed to eating whole, fresh apples. Unfortunately however, the State of New York recently made the decision that due to tight funds and oversubscription to the program, only schools with 98 percent free and reduced meals would be allowed in the program. This shuts out the school in North Rose and many other schools in the rural districts as well. It all may be for naught unfortunately.

While recognizing that immigration does not fall under the jurisdiction of this Committee, I would be remiss if I did not take a moment to restate my comments from the 2006 Farm Bill field hearing. Unfortunately and frustratingly, not much has changed in the 4 years since then. If in the process of securing our borders which our industry favors we do not develop a workable guest worker program for agriculture, the best farm bill programs will do little good. This remains, as I see it, the greatest immediate threat to my family's farm's economic viability.

In conclusion, I thank you again, Mr. Chairman, and the Committee for the invitation to speak here today. I am very proud of the accomplishments that we have achieved in the 2008 Farm Bill on behalf of the apple industry and other specialty crop producers. I believe if we can maintain the critical tools we have built in the 2008 Farm Bill, and if possible expand them, then our industry has a great opportunity to grow and thrive. With that, I can confidently encourage my children to consider joining us as the next generation and help Red Jacket Orchards continue for another 50 years. Thank you.

[The prepared statement of Mr. Nicholson follows:]

PREPARED STATEMENT OF MARK NICHOLSON, EXECUTIVE VICE PRESIDENT AND PART OWNER, RED JACKET ORCHARDS; MEMBER, BOARD OF DIRECTORS, U.S. APPLE ASSOCIATION, GENEVA, NY

Introduction

Good morning, Chairman Cardoza, Ranking Member Schmidt, and distinguished Members of the Committee. I would also like to specifically recognize New York Congressman Bill Owens and express our appreciation for his participation on this Committee. Congressman Owens represents our state well on agricultural issues and brings a wealth of knowledge and experience from working with producers during his days in private practice. We look forward to working with you Congressman Owens on the many important issues that come before this Committee.

Thank you for the opportunity to speak with you today regarding the impact of the 2008 Farm Bill. My name is Mark Nicholson and I serve on the Board of the U.S. Apple Association (USApple). I am a member of the third generation that operates Red Jacket Orchards located in Geneva, New York. Our integrated farm business includes a 600 acre fruit farm, fruit packing facility, fresh juice processing plant, and metro New York farm market and wholesale distribution operation, which my brother, father, and I own and operate. We primarily grow fresh market apples but over the past 15 years have diversified into other specialty fruit crops, including apricots and plums that are currently being harvested and sold in this region's Whole Foods or Wegmans supermarkets. In addition to our fresh fruit crops, we also press apple cider and other 100 percent fruit juices in our newly completed, sustainably built and powered, 22,000 square foot juice processing facility. The majority of our fruit and value-added products are marketed and sold in the Northeast, with a special emphasis in metro New York, but we have recently found enthusiastic customers as far away as Georgia, Alabama, and Texas.

As I address this Committee today, I can't help but feel a genuine sense of accomplishment as I had the pleasure of testifying during your farm bill hearing in Canandaigua, NY, during the summer of 2006. I am proud that many of our industry's top priorities were incorporated into the 2008 Farm Bill, a truly notable milestone for our industry and a testament to the well organized effort put forward by both the Specialty Crop Farm Bill Alliance and the Congressional offices that supported us. As I stated then, and I feel is worth repeating here, apple growers and the produce industry have never relied upon direct payment programs to support grower income or market prices. I don't believe, and here I am in the majority of my peers, that would be in the best interest of my business or our industry. Instead, we strongly advocate programs that help grow demand for and consumption of our products, and build long-term competitiveness and sustainability for our industry. I believe the 2008 Farm Bill met these goals and would like to thank Chairman Cardoza for his leadership on behalf of the specialty crop industry during the last farm bill's lively debate.

As a founding member of the Specialty Crop Farm Bill Alliance, apple growers and packers worked through USApple in support of programs included in the bill which are now enhancing the competiveness and efficiency of our industry. I am pleased to report today on how many of those programs are helping the specialty crop industry, specifically the apple industry, as well as the direct impact on my family's third generation farm, Red Jacket Orchards.

I believe these programs are a good investment in our industry, especially in these tough economic times. Today, specialty crop producers face an interesting dichotomy. On one hand we are under pressure like never before from increased input costs—from electricity to labor and crop protection tools—and competition from low cost producers like China. On the other hand, consumers are more aware than ever of the health benefits inherent in our products and the need to fight obesity and to make healthier choices. I'd much prefer that the healthy apple or other produce snack they increasingly reach for on the supermarket shelf has a "grown in the USA" sticker on it, rather than a sticker from another country like China which produces over half the world's apples.

Specialty Crop Block Grants

The **Specialty Crop Block Grant Program** focuses on regional and local priorities for specialty crop producers. These are being used by growers at the state level and are tailored to meet specific local needs. This approach is critical as a one-size-fits-all approach would not work within the apple industry—as the needs of a New York apple grower might be different from a grower in Washington State or in Ohio—let alone across the entire specialty crop industry of over 300 crops.

For the apple industry, these block grants are funding important projects ranging from research, to marketing, nutrition and food safety programs. In fact, in New

York where the financial situation is dire at the moment and program funding is being cut drastically across all state agencies, the only reliable source of funding for industry projects is money from Federal funds. For Red Jacket Orchards, Specialty Crop Block Grants that fund New York's Pride of NY program have provided critical resources for demand building marketing projects that we could otherwise not afford. I credit the Pride of NY program with helping us greatly expand our business in the key metro New York marketplace. We are currently undertaking a grant that will allow us to build our brand awareness in this expensive media market.

Value-Added Grant Program

Prior to the Specialty Crop Block Grant program Red Jacket Orchards participated in the Farm Bill's Value-Added Grant Program, which was our first major award. Funds from this program helped us make the critical leap from producing generic apple cider, which is more or less a commodity, to producing a line of value added, freshly pressed 100% fruit juices with a distinctive flavor and appearance. The success we experienced in expanding sales of this value added line, which is derived primarily from fruit we grow, culminated in our investment in a new 22,000 square foot juice production facility that came on line this past June and is anticipated to create 15 new jobs over the next 3 years.

Specialty Crop Research Initiative

As growers and small business owners we must overcome challenges in order to remain in business for 50+ years, as our family has been fortunate enough to do. As a plant science graduate from Cornell University I have a special interest in, and understanding of, *the power of science.* I believe strongly that with adequate funding our research institutions can not only help us to overcome these numerous challenges but also give our next generation of family members the tools they will need to thrive for another 50 years.

That's why the Specialty Crops Research Initiative (SCRI) is both unprecedented and impressively effective. For the first time, the nation's producers, processors and handlers of fruits and vegetables have had access to a competitive funding program of sufficient magnitude to effectively address a range of technical barriers that limit their sustainability, competitiveness, and profitability. Researchers and extension professionals have created multi-disciplinary, multi-institutional, and multi-state teams focused on stakeholder priorities.

The U.S. apple industry has been an active participant in the SCRI and is pleased to champion this USDA program. A number of projects selected for funding are already well underway including:

- Biocontrol of key pests in western orchards.
- Application of modern genetic technologies to improve fruit quality.
- Engineering approaches to stabilizing apple yield.
- Comprehensive automation of orchard operations.
- Biomarkers to diagnose fruit quality and safety.

While these projects have significant apple components, their activities and results also impact other specialty crops such as peach, walnut, pear, cherry, strawberry. Project participants span the country and include such disparate institutions as Carnegie Mellon University, Cornell University, Michigan State University, Oregon State University, Penn State University, Purdue University, USDA-Agricultural Research Service, University of Arkansas, University of California, University of Minnesota, and Washington State University.

The SCRI is a competitive funding program that supports the kind of research and extension activities specialty crop industries have been seeking for decades. Its $50 million annual allocation is effectively invested and has transformed the research and extension communities and the industries they serve.

Fruit & Vegetable Program

I believe passionately that the Fruit and Vegetable program, which was expanded to all 50 states in the last farm bill and provides a fresh fruit or vegetable snack to elementary aged children, provides the best opportunity for a win-win program. As a parent of a 15 month old son and 6 year old daughter, I see the power daily of teaching healthy eating habits and providing proper food choices at an early age. My daughter continues to surprise me by regularly choosing a piece of fruit over candy or other sweet when given the choice. I guess this should come as no surprise as Lily has been eating fruits and vegetables since starting solid foods and has enjoyed an ample selection, many from our farm. Unfortunately, not all children are this fortunate and the Fruit and Vegetable program can play a critical role in filling this need. The other win, obviously, is the expansion of consumption of fruits and

vegetables, something that hasn't changed significantly in decades, and the positive impact this will have on producers.

The fruit and vegetable program has been immensely popular in New York and throughout the country. For example, the elementary school in North Rose, New York, participated in the program and the results were phenomenal. Students there tried fruit like kiwi, which some had never seen before, and even in the middle of apple country many students were not accustomed to eating fresh whole apples. Teachers, students and parents loved this program and with well over 50% of the students at this school qualifying for free or reduced price lunches the school exceeded the minimum threshold required in the farm bill. Unfortunately, however, the State of New York recently made the decision that, due to tight funds and over-subscription to the program, only schools with 98 percent free and reduced meals would be allowed in the program. This shuts out the school in North Rose and many other rural schools as well.

As so much attention is now being given to the growing obesity rates in this country, here's a program that can really make a difference, and it is, at least in the schools that are lucky enough to have it.

Export Promotion

Exports are extremely important for the apple industry, with about 25 percent of our crop sold overseas. While we do not export our fruit at Red Jacket Orchards, a strong export market helps ensure that domestic prices remain stable thus helping growers like us who do not directly sell their fruit overseas. Apple growers use two programs—the **Market Access Program** and the **Technical Assistance for Specialty Crops Program**—to help grow exports. MAP provides critical funding, more than matched by industry contributions, to operate programs which promote American apple consumption around the world. TASC funding is also helping our industry reduce foreign phytosanitary barriers to apple exports.

It may all be for naught . . .

While I recognize immigration issues do not fall under the jurisdiction of this Committee, I would be remiss if I did not take a moment to restate my comments from the 2006 Farm Bill field hearings. Unfortunately and frustratingly not much has changed in the 4 years since then. If in the process of securing our borders, which our industry favors, we do not develop a workable guest worker program for agriculture, the time spent here will be for naught because our industry will cease to be viable. Without workers to pick, prune, pack and process our fruit, the best farm bill programs will do little good. This remains, as I see it, the greatest immediate threat to my family farm's economic viability.

Conclusion

I again thank the Chairman and the Committee for the invitation to speak here today. I am very proud of the accomplishments that have been achieved in the 2008 Farm Bill on behalf of the apple industry and other specialty crop producers. I recognize the current economic climate is challenging but I am optimistic the future holds better times not only for our industries but also the nation as well. I believe if we can maintain the critical tools we have built in the 2008 Farm Bill, and when possible expand them, then our industry has a great opportunity to grow and thrive. With that, I can confidently encourage my children to consider joining as the next generation and help Red Jacket Orchards continue for another 50 years.

The CHAIRMAN. Thank you, Mr. Nicholson. I can attest to the fact that even though my children consume vast quantities of sugar, they still love your apples.

We are very fortunate to have with us today, Mr. Paul Platz, corn, soybean, green pea, sweet corn producer from Lafayette, Minnesota. Sir, welcome to the Committee and please proceed with your testimony.

STATEMENT OF PAUL PLATZ, CORN, SOYBEAN, GREEN PEA, AND SWEET CORN PRODUCER, LAFAYETTE, MN

Mr. PLATZ. Good morning, Chairman Cardoza, and Members of the Committee.

My name is Paul Platz. I am a farmer.

The CHAIRMAN. I did mess up your name. I apologize.

Mr. PLATZ. I am a farmer, a seed sales representative and a licensed commercial animal waste technician which is a fancy name for a manure hauler. My wife, Donita, and I own and operate a diversified farming operation near Lafayette, Minnesota. Southern Minnesota's economy is predominantly agricultural. Corn, soybeans and livestock production of all types are the mainstays of our area, but a multitude of alternative crops are produced locally as well. On our farm, like most of our neighbors, we produce corn and soybeans, however, we also produce green peas and sweet corn for processing under contract with Seneca Foods.

I am here to talk about the importance of midwestern farmers having the option to grow fruits and vegetables for processing by continuing and improving the Farm Flex Provisions included in the last farm bill. I decided to diversify my farming operation by adding sweet corn and green peas in 1993. I determined that adding these crops would help spread out my risk and improve my profitability. At that time, there were no farm program restrictions on fruit and vegetable production, and my producer history has allowed me to continue growing green peas and sweet corn after the limitations were put in place.

We are now producing about 80 acres of green peas and 80 acres of sweet corn for processing. Producing vegetables for the processing industry is important for my business because it is profitable. I have discovered through the years that planting green peas seems to reduce compaction issues in our soil and subsequent corn crops produce very well. Planting vegetables also has low input cost for us. Low input costs help keep my line of credit at my local bank within the targeted levels that lenders will provide. Also, my paychecks from Seneca Foods for my vegetables arrive at different times than those from my field corn and soybean sales, and that helps my cash flow needs.

Without program restrictions, bringing a new crop enterprise into my farming operation was relatively simple. Just sign a contract and plant vegetables. Recent farm bills have made it more difficult to include vegetable production in our farming rotations. My concern about these restrictions is in part centered on my son's ability to start his own farming career and to produce vegetables under existing rules. It is my understanding that my producer history cannot be transferred to my son or my heirs. Individual farm history is preserved, but many of my landlords are elderly and farms may be sold to owners who do not produce vegetables.

Renting new farms with history is difficult at best. The Planting Transferability Pilot Project does attempt to address some of these issues. Unfortunately, the project seems to only temporarily solve the immediate problems without addressing long-term issues. For instance, if my son were to start his farming career and request a pilot program, he would be allowed to produce vegetables in 2011, but he would not get either the producer history or farm history that would enable him to grow vegetables in subsequent years. Upon my death, not even my wife would be able to inherit my producer history.

As it stands now, young farmers or any farmer who might decide to start growing vegetables in our area will have serious obstacles to doing so. As time goes on and natural attrition continues, either

through retirements, or death of existing farmers, fewer and fewer farms and acres will be available for vegetables grown for processing. This puts the entire vegetable processing industry in our area in jeopardy. If we as farmers are not allowed the flexibility we need to produce vegetables for processing, eventually processors will be forced to close their plants. These plants employ a lot of people, and as I have detailed they provide an important income stream for midwestern farmers.

I would also like to mention that my third son, Alex, is currently working his 12 hour shift as a pea combine operator for Seneca Foods. My decision to add vegetable production to our farming plan in 1993 has proven to be a good idea for both my farm and for my son, as he works to pay for his college education.

The Farm Flex Pilot Program established in the 2008 Farm Bill is a good first step toward remedying these problems. Unfortunately, it appears underutilized. There seems to be a variety of reasons for the lack of participation in the pilot program. The downturn in the economy has played a large part. Seneca Foods has told me that they are contracting for less production because demand is down all across the industry. Also, the strength of the dollar relative to other currencies is likely making imported fruits and vegetables more economically attractive. The acreage limitation rules are simply an unnecessary complication. If the sign-up process for the pilot program is simplified to make the only qualification that participating farmers grow fruits and vegetables for processing, I think you will see more farmers take advantage of it.

Mr. Chairman and Members, I respectfully ask that we all work toward a more permanent solution to these issues and ensure a thriving future for agriculture in the Midwest. Thank you.

[The prepared statement of Mr. Platz follows:]

PREPARED STATEMENT OF PAUL PLATZ, CORN, SOYBEAN, GREEN PEA, AND SWEET CORN PRODUCER, LAFAYETTE, MN

Good morning, Chairman Cardoza and Members of the Committee. My name is Paul Platz. I am a farmer, a seed sales representative, and a licensed "Commercial Animal Waste Technician," which is a fancy name for a manure hauler. My wife Donita and I own and operate a diversified farming operation near Lafayette, Minnesota. Southern Minnesota's economy is predominately agricultural. Corn, soybeans, and livestock production of all types are the mainstays of our area, but a multitude of alternative crops are produced locally as well. On our farm, like most of our neighbors, we produce corn and soybeans. However, we also produce green peas and sweet corn for processing under contract with Seneca Foods. I am here to talk about the importance of midwestern farmers having the option to grow fruits and vegetables for processing by continuing and improving the Farm Flex provisions included in the last farm bill.

I decided to diversify my farming operation by adding sweet corn and green peas in 1993. I have always kept extensive records on each profit center in my business, and I determined that adding these crops would help spread out my risk and improve my profitability. At that time there were no farm program restrictions on fruit and vegetable production, and my producer history has allowed me to continue growing green peas and sweet corn after the limitations were put in place. We're now producing about 80 acres of green peas and 80 acres of sweet corn for processing.

Producing vegetables for the processing industry is important for my business because it's profitable. My enterprise analysis over the last 17 years has shown that producing vegetables can be very volatile, but on average, mostly profitable. I have discovered through the years that planting green peas seems to reduce compaction issues in the soil, and subsequent corn crops produce very well. Planting vegetables also has low input costs. Low input costs help keep my line of credit at my local

bank within the targeted levels that lenders will provide. Also, my paychecks from Seneca Foods for my vegetables arrive at different times than those for my field corn and soybean sales. This helps my cash flow needs.

Planting vegetables also spreads out my workload and allows me to make better use of my resources. The planting and harvesting operations of my vegetables are generally staggered with my corn and soybeans. Our farm's livestock operation allows me to meet most of my own fertility needs with manure from my hogs. I can apply a significant amount of hog manure to my vegetable fields in late September before the soybean harvest begins. Being able to get some of my own manure applications completed early allows me to custom haul manure for my neighbors in October, which also significantly helps my cash flow.

Without program restrictions, bringing a new crop enterprise into my farming operation was relatively simple. Just sign a contract and plant vegetables. Recent farm bills have made it more difficult to include vegetable production in our farming rotations. My concern about these restrictions is in part centered on my son's ability to start his own farming career and to produce vegetables under existing rules. It is my understanding that my producer history cannot be transferred to my son or my heirs. Individual farm history is preserved, but many of my landlords are elderly and farms may be sold to owners who do not produce vegetables. Renting new farms with farm history is difficult at best. The Planting Transferability Pilot Project does attempt to address some of these issues. Unfortunately, the project seems to only temporarily solve the immediate problems, without addressing long-term issues. For instance, if my son were to start his farming career and request the pilot program, he would be allowed to produce vegetables in 2011, but he would not get either the producer history or the farm history that would enable him to grow vegetables in subsequent years. Upon my death, not even my wife would be able to inherit my producer history.

As it stands now, young farmers or any farmer who might decide to start growing vegetables in our area will have serious obstacles to do so. As time goes on, and natural attrition continues either through retirements or death of existing farmers, fewer and fewer farms and acres will be available for vegetables grown for processing. This puts the entire vegetable processing industry in our area in jeopardy. If we as farmers are not allowed the flexibility we need to produce vegetables for processing, eventually processors will be forced to close their plants. These plants employ a lot of people and as I have detailed, they provide an important income stream for Midwestern farmers. I would also like to mention that my third son Alex is currently working his 12 hour shift as a pea combine operator for Seneca Foods. My decision to add vegetable production to our farming plan in 1993 has proven to be a good idea both for my farming operation and for my son as he works to pay for his college education.

The Farm Flex pilot program established in the 2008 Farm Bill is a good first step to remedying this problem. Unfortunately, it appears underutilized.

There seem to be a variety of reasons for the lack of participation in the pilot program. The downturn in the economy has played a large part. Seneca Foods has told me that they are contracting for less production because demand is down all across the industry. Also, the strength of the dollar relative to other currencies is likely making imported fruits and vegetables more economically attractive. The acreage limitation rules are simply an unnecessary complication. If the sign-up process for the pilot program is simplified to make the only qualification that participating farmers grow fruits and vegetables for processing, I think you will see more farmers take advantage of it.

Mr. Chairman and Members, I respectfully ask that we all work toward a more permanent solution to these issues to ensure a thriving future for agriculture in the Midwest.

Thank you.

The CHAIRMAN. Thank you, Mr. Platz.

Now, we have Mr. Daniel Richey, President and CEO of Riverfront Packing Company and President of Riverfront Groves, Inc., Vero Beach, Florida. Sir, welcome to the Committee and please proceed with your testimony.

STATEMENT OF DANIEL R. RICHEY, PRESIDENT/CEO, RIVERFRONT PACKING COMPANY; PRESIDENT, RIVERFRONT GROVES, INC.; PRESIDENT, GULFSTREAM HARVESTING COMPANY, VERO BEACH, FL

Mr. RICHEY. Thank you, Chairman Cardoza, Ranking Member Schmidt, and Members of the Committee. Also, I would like to thank the opportunity to thank Congressman Rooney who is a new Member of the Agriculture Committee and who represents a large portion of Florida agricultural production, including my groves, for his steadfast support of citrus.

The CHAIRMAN. If I could just interrupt for a second, Mr. Rooney was intending to be here. He has a conflict with the Judiciary Committee, but he has indicated to me that he wanted to be in attendance for your testimony. We will make sure we get it to him and hopefully you all will connect throughout the day.

Mr. RICHEY. Thank you, Mr. Chairman.

In addition, I would like to thank Congressman Putnam, a great friend of Florida agriculture and a personal friend of mine. I want to honor him for his outstanding representation of our industry through all of our challenges over the past 10 years. I would also like to recognize my Congressman, Bill Posey, for his service on behalf of all of us in the Indian River citrus growing district.

Agriculture is a major economic engine in Florida's economy, ranking second only to tourism. We are reminded of the importance of agriculture to our economy during these challenging economic times when tourism is down due to the financial pressure families are feeling, and the recent press surrounding the oil crisis in the Gulf, which ultimately will result in a loss of 17,000 jobs and $1.2 billion impact on our economy.

Our agricultural industry is very diverse. We grow a wide array of products, from potatoes and peanuts in the north to tropical fruit in the south. We are a major supplier of food to the U.S. during the winter months. The citrus industry represents the largest component of the agricultural industry in Florida with a $9 billion impact on the state's economy and it provides 76,000 jobs.

Sticking with the theme of some of my fellow panel members, this is not corporate America. This is made up of fourth and fifth generation family farmers. I know I am preaching to the choir because you understand agriculture and generational connection that these families feel toward their chosen profession. Most people don't get that. I am sure you do.

Like other fellow members, Tyler, my son, is a senior at Florida State University and has a desire to come into this business. He had a huge connection with his grandfather, who is since deceased, and wants to carry on that legacy for another generation. He questions me on this regularly if that will be possible.

A major challenge to our family legacy and our entire industry is invasive, non-native pests and diseases. Recently, in Florida we have endured the introduction of citrus canker, which is a bacterial disease spread by wind-driven rain. You can imagine how the hurricanes affected us on that one.

Huanglongbing, you can probably guess where that one came from, is also known as greening disease which is spread by an in-

sect known as a psyllid. There is no known cure for this disease and it is fatal to trees.

And third, most recently, in April we had a discovery of citrus black spot which is a fungal disease, in a southwest Florida grove. All three of these diseases are non-native to Florida. They have come from foreign lands. This highlights the importance of pest interdiction. It is a tough job, especially in Florida which ranks second to only California for pest and disease risk.

The challenge is great due to the 21 international seaports and airports and the 1,200 miles of coastline in Florida. We have our eye to the south, as Central and South American citrus groves harbor three additional diseases that are not present in the U.S. They are known as CVC, Sudden Death—that is a great name—and leprosis. If allowed to enter, they would inflict considerable damage to our citrus industry. We have to keep these diseases out of the United States.

The Section 10201 Program can be an area of focus to help us achieve this objective. As I understand it, the fundamental component of this program was to increase resources to high risk areas such as Florida and California. The recent challenges I have described probably make us the poster child for this program enhancement request.

In the past 2 years, Florida effectively deployed the $3 million received through the 10201 Program, ranging from enhanced interdiction at our border checkpoints to additional surveillance along our many rivers and canals. The funds were used to establish additional electronic signage and an additional educational video to be viewed by the cruise ship patrons in our state. I believe that most, if not all, tourists simply do not know the inherent risk they are bringing to our shores when transporting fruit or plant material. Education can go a long way in correcting this dangerous behavior.

The proposed 2011 projects include additional detection dogs, which are very effective, increased inspection personnel and resources to detect exotic insects like the Medfly that was recently found in Palm Beach County, and continued funding to protect our vibrant avocado industry in South Florida. The citrus industry is engaged, partnering with each other to develop regional pest management districts and working very closely with our counterparts in California, Texas and Arizona. This is essential to our survival. Our collective industry appreciates the efforts at APHIS, Customs and Border Protection and the Florida Department of Agriculture to protect our livelihood.

In closing, make no mistake, the challenges we face are just that, challenges. We will rise up to meet these challenges of today, and we will remain an important spoke in the wheel of Florida's economy. We do need your assistance with the issues we cannot control on our borders. If given a fighting chance, we will not only survive, we will thrive. Your support to keep us safe from the threat of invasive pests and diseases is much appreciated, and I appreciate the opportunity for you allowing me to testify here today. Thank you.

[The prepared statement of Mr. Richey follows:]

PREPARED STATEMENT OF DANIEL R. RICHEY, PRESIDENT/CEO, RIVERFRONT PACKING COMPANY; PRESIDENT, RIVERFRONT GROVES, INC.; PRESIDENT, GULFSTREAM HARVESTING COMPANY, VERO BEACH, FL

First I would like to thank Chairman Cardoza, Ranking Member Schmidt, and fellow Committee Members for the opportunity to testify in front of you today on behalf of the Florida citrus industry.

I would also like to take a moment to thank Congressman Tom Rooney who is a Member of the Agriculture Committee and represents a large portion of Florida's agricultural production including some of my groves for his steadfast support of citrus.

In addition, I would like to thank a former Member of this Committee, Congressman Adam Putnam. Adam is a great friend to Florida Agriculture and a personal friend of mine. I want to honor him for his outstanding representation of our industry through all the issues we've faced over the last 10 years.

Finally, I want to recognize my Congressman Bill Posey for his service on behalf of my neighbors in the Indian River citrus region.

Florida citrus represents a $9 billion economic engine that supports 76,000 good jobs in my home state. Many families are third, fourth and even fifth generation citrus farmers. Unfortunately, right now our great industry is locked in a fight for its long term viability.

As many of you may know, Florida citrus faced the infestation of citrus canker disease and the hurricanes that spread it across the entire growing region of our state. That situation caused untold harm to our industry.

But now an even more devastating disease is threatening Florida citrus. It is called *Huanglongbing* (HLB) or citrus greening disease, and it is one of the most serious citrus diseases in the world.

Citrus greening is a bacterial disease that greatly reduces production, destroys the economic value of fruit, and kills trees. Once infected, there is no cure. Currently, citrus greening can be found in all 32 citrus producing counties in Florida.

Furthermore, yet another pest and disease was confirmed in April of this year with the discovery of citrus black spot in South Florida. This fungal disease is marked by dark, speckled spots or blotches on the rinds of fruit, which is a very economically significant disease for a fresh citrus packer such as myself. I expect subsequent regulations to control the spread of black spot to affect my business.

Here is the frustrating part. NOT ONE of these diseases is native to the United States. They came across the border from foreign lands. This clearly highlights the immense importance of pest interdiction. We in the Florida citrus industry are living the nightmare that is caused when regulators fail to keep non-native diseases out of our country.

I acknowledge it is a tough job, especially in my home state. Florida is ranked #2 in the nation for pest and disease risk behind only California. Our state is very agriculturally diverse with a variety of specialty crops from tropical fruit to nursery stock to a variety of berry crops. This is made possible by our favorable climate. We are able to produce food crops during the winter when most of the U.S. is too cold to do so. This is an important function and one that needs to be protected.

But the Florida agriculture industry has a target on its collective back. With 21 international seaports, airports and 1,200 miles of coastline, Florida is a gateway state for cargo and passengers. Obviously, this creates considerable risk of agricultural pest and disease entry.

And believe me we are scared of the next citrus disease to reach our state. They are out there. Diseases such as CVC, Sudden Death and leprosis can be found in Brazil and Central America, two major trading partners with the United States. We have to do everything we can to keep these diseases out of the United States!

Part of this can be achieved through the Section 10201 program. And we believe the USDA can improve the implementation of the program in high risk sentinel areas such as Florida. As you recall, a key foundational component of Section 10201 was to increase resources to high risk areas of the United States to assist with the early detection of new pest and disease introductions.

There are many Florida pest detection projects that are of value, including citrus pest and disease mitigation and the need for better fruit fly early detection and mitigation tools and techniques that could be added. There is certainly a need to support Florida citrus research and suppression programs.

The purpose of Section 10201 is clear that high risk states and pathways were to be the primary areas of consideration to which to apply Section 10201. Florida has received over $3 million in projects over the last 2 years designed to mitigate the impact of invasive species on Florida's specialty crops and agricultural in general. Key projects include added resources at our agricultural interdiction stations

located at our borders. This has resulted in several key agricultural pest interceptions on foreign agricultural products including potato psyllids carrying zebra chip virus, plant feeding snails not established in Florida, exotic aphids and leafminer insects.

The Florida Department of Agriculture also established a surveillance program for marinas, rivers and canals in Florida that harbor boats capable of international travel as this is a pathway that does not get enough attention in the agricultural safeguarding continuum. They have mapped all the marinas and stopping points along our rivers and canals, have set up survey points, and are also conducting outreach to help assure that parties who live and work in these areas are aware of the risk associated with invasive species introductions.

Another project that the Florida Department of Agriculture is working on is an outreach project that will increase electronic signage and messaging at key Florida ports of entry. In addition, FDACS is producing a video that they plan to introduce to cruise ships and to international air flights that will educate incoming passengers about the need to declare any agricultural products they may be carrying.

New projects they are proposing for 2011 include the use of agricultural detection dogs to sniff out agricultural contraband in incoming mail and parcels at the mail/package hubs in Florida as well as our interdiction stations. They have also requested funding for increased inspector resources to run additional pest detection traps as an early warning system for exotic fruit flies like the Medfly, a pest we are currently battling in an eradication program in Palm Beach County. They are also requesting continued funding to help protect our avocado industry from the Red Bay Ambrosia Beetle and Laurel Wilt, a pest disease complex with the potential to wipe out the multi-million dollar avocado industry in South Florida.

Right now, the Florida citrus industry is setting up Citrus Health Management Areas where growers will partner together to form regional pest management programs to control the Asian citrus psyllid, the small bug that vectors citrus greening. These management areas are essential to the survival of the Florida citrus industry and would be a perfect fit for support from the Section 10201 program.

Again, as a citrus grower I appreciate the efforts of APHIS, Customs and Border Protection and the Florida Department of Agriculture and Consumer services to protect my livelihood. We must continue to be vigilant to ensure our domestic sources of food are safe from the threat of pests and diseases.

Thank you for allowing me to testify today.

The CHAIRMAN. Thank you, Mr. Richey. I appreciate your testimony. As you can see, the gentleman from Florida, Mr. Rooney, has joined us. He is not a Member of the Committee but he has joined us today. I have consulted with the Ranking Member and we are pleased to welcome him for him to join in the questioning so long as there is no objection from the Members of the Committee. Seeing none, he will be allowed to join. Thank you for being here and welcome.

Our next panel member to testify is Margaret Smith, Ph.D., Value Added/Sustainable Agriculture Extension Educator, Iowa State University, and Co-Manager of Ash Grove Farm, Hampton, Iowa. My Ranking Member, Mrs. Schmidt, indicated to me I hadn't seen this before the hearing, but there are over three pages of publications that you have produced in your career. I must say that that is quite impressive, and we are very pleased to have you here today to testify. Welcome and please proceed.

STATEMENT OF MARGARET A. SMITH, PH.D., VALUE ADDED/SUSTAINABLE AGRICULTURE EXTENSION EDUCATOR, VALUE-ADDED AGRICULTURE, EXTENSION AND AGRONOMY DEPARTMENT, IOWA STATE UNIVERSITY; CO-MANAGER, ASH GROVE FARM, HAMPTON, IA

Dr. SMITH. Thank you so much for this opportunity to speak to the Subcommittee today. I am honored by your invitation and welcome the opportunity to share my perspective with both hats I

wear in agriculture. My literal hats were too large to bring in my luggage so I come to you today with my two figurative hats.

My husband, Doug Alert, and I farm 950 acres in north central Iowa near Hampton. We run a beef cow herd and we raise organic row crops, corn and soybeans, small grains, hay and pasture. We began transitioning to organic 16 years ago and all the land we now farm is certified organic.

In my work with Iowa State University Extension, I coordinate a statewide Iowa Fruit and Vegetable Working Group. This group is comprised of a group of growers and others in the industry, and our mission is to help build capacity to increase production, handling and marketing for Iowa's fruit and vegetable industries.

Let me speak first about organic farming. In the 2008 organic Census, which was a new Census focused just on this, they noted $3.16 billion in sales in organic agriculture. This has been a growing industry for the last 20 years, and the market has pulled the growth and development of that industry again without price supports. The market has been the driver.

In Iowa, we are listed as eighth in states by number of organic farms with 513. We are probably beyond that number now and in the upper Midwest, you look at Wisconsin, Minnesota, Iowa and Illinois, we have a disproportionate number of organic farms in the United States with about 17 percent of all those farms.

The increase of organic agriculture has added to diversity in our agricultural landscape, both biological diversity, but also human diversity, and this is really a fantastic development for agriculture. In our state and in the nation where we have seen virtually a continual decline in numbers of farms and as we know it, ecological diversity, organic agriculture helps in a small way to help reverse that.

The Organic Research and Extension Initiative is really a great program. We appreciate that this was added and increased in funding in this last farm bill. With the $78 million that was committed, more and more research was funded, but I would like to say I still believe we are under funded in this respect. Only 20 percent of applicants in 2009 were funded under that research program.

What I think is so critical is that research for organic agriculture I feel doesn't just serve the organic agriculture industry. This research looks at basic insect, disease and weed biology, investigates how agroecosystems work, pursues ways to work with natural systems to increase productivity. These are all critical to agricultural sustainability. This work can also have application for non-organic agriculture, so that we are getting more bang from that research buck than we may realize, but we are looking far into the future. It is hard to evaluate exactly how much at this time. The work that is done now in crop rotations, cover crops, these items that are critical in our industry, really can have application in the future for all of agriculture.

Please continue this funding to OREI. At this time, the funding is about 1.8 percent of the total funding for agriculture. The organic industry represents 3.5 percent of food receipts and we would like to, my husband and I, see more equality on that funding for the organic farming research program.

I would like to speak about the Organic EQIP Program. This has been again a good addition. We were awarded an Organic EQIP Program on our farm. With those monies, we will increase and improve our grazing system. We received support for fencing and water systems, and we had great support from our local NRCS staff and from FSA as we worked through that process.

There were challenges in the upper Midwest again with that program in understanding of our USDA NRCS staff in working with these different kinds of farms. Organics list different to them. Vegetable crops in the upper Midwest list different to them. Please continue the Organic EQIP Program. I think it is wonderful. I think we can improve it. There are a number of ways that might do that which are noted in my written testimony, but, particularly, just training for those staff would help. To your credit and from that program, this has brought a number of farmers into work with USDA Programs that did not otherwise have that exposure. I think that has been wonderful.

Our panel here has covered very well some of the specialty crop programs, and in Iowa we have also used the block grant program. Unlike Ohio, I believe, we have a local committee of local experts that does determine how those funds are used. It has been great in that it is funding not only research, but also promotion so we would like to continue Specialty Crop Block Grant Program as well as Specialty Crops Research Initiative.

Let me share this: our Fruit and Vegetable Working Group in Iowa has identified a number of priorities and those include risk management, post harvest handling and food safety. Another comment about the Specialty Crop Research Initiative, there is a requirement that those grants are multi-agency, multi-state and I would encourage you to think about at least a portion of those funds being committed that can be done just within one state. Some of our issues are local and we need to address those as well.

I am over my time. My last area that is critical to us on our farm, and to specialty crop growers in Iowa, is risk management and insurance. We have no crop insurance for specialty crops in Iowa. The AGR-Lite Program which is a revenue insurance program could be a good program in our state. It is not available to Iowa. It is available in 35 other states but this last risk management is a double whammy for our farmers. Not only are they not covered by their crops in the event of a crop failure or market price challenges, but lenders are wary of working with our specialty crop growers because they don't have that kind of support. So, they have a hard time getting financing. I would encourage you to look at the AGR-Lite Program. It can be improved a number of ways, and since it is not suitable for beginning farmers at this time, please look at AGR-Lite. Please expand that to include the United States and let's look at additional risk management programs and strategies for our specialty crop producers and organic growers.

Thank you so much.

[The prepared statement of Dr. Smith follows:]

PREPARED STATEMENT OF MARGARET A. SMITH, PH.D., VALUE ADDED/SUSTAINABLE AGRICULTURE EXTENSION EDUCATOR, VALUE-ADDED AGRICULTURE, EXTENSION AND AGRONOMY DEPARTMENT, IOWA STATE UNIVERSITY; CO-MANAGER, ASH GROVE FARM, AMES, IA

Introduction

Thank you for this opportunity to speak to the Subcommittee today. I am honored by your invitation and welcome the opportunity to share my experiences from our farm business and from my position with Iowa State University Extension, where I work in the Value-Added Agriculture Extension Program with fruit and vegetable growers.

I come to the hearing today with two 'hats'. First, as an organic farmer, my husband, Doug Alert, and I operate an organic grain, forage and livestock farm in North Central Iowa near the town of Hampton. We farm 950 acres of owned and rented land and raise organic corn, soybeans, oats, wheat, barley, hay and pasture, and run a beef cow herd. Our crops are raised and marketed for various food, feed and seed markets. We work with three landowners with both cash rent and crop share leases, as well as owned land. My husband has farmed for 27 years: I joined him 16 years ago. We began our transition to organic in 1994 on rented land, with the first land certified in 1997. All the land that we farm has been certified organic since 2007.

I serve as an advisor to the board of the recently formed Iowa Organic Association (IOA) that has members from a range of interests, including growers, processors, buyers and consumers. This nonprofit organization works to educate and inform the public about organic food and farming and to help the industry grow.

I also serve on the board of the Midwest Organic and Sustainable Education Services (MOSES) nonprofit organization. MOSES has coordinated the largest organic farming conference in the U.S. each February for the last 21 years. This year, 2010, at the MOSES Organic Farming Conference, we reached 2,701 farmers, aspiring farmers, agricultural professionals and organic industry suppliers with outreach and education about organic farming. MOSES is one of 40 member organizations of the National Sustainable Agriculture Coalition (NSAC). I would like to thank NSAC for helping to coordinate my presence here today.

My second 'hat' is one I proudly wear for Iowa State University Extension, where I have worked for 23 years. For the last 9 years, I have worked in the Value Added Agriculture Extension Program with specialty crop producers—fruit and vegetable growers—and with specialty meat producers on various aspects of their business development. Part of my responsibility is co-facilitating the Iowa Fruit and Vegetable Working Group (FVWG), comprised of growers, buyers, our state fruit and vegetable growers' association, nonprofits, government, and University personnel. The group's mission is to identify and work with others to overcome obstacles to increasing the amount of local produce available in our state and the Upper Midwest.

I would like to speak briefly about both USDA support for organic agriculture and for programs supporting specialty crops.

Organic Farming in Iowa

According to the 2008 Organic Census of Agriculture, Iowa was eighth among the states in number of organic farms with 513. The Upper Midwest is a center of organic production, with the States of Wisconsin (1,222 farms), Minnesota (550 farms), Iowa, and Illinois (229 farms) having a total of 2,514 organic farms or 17.2 percent of the U.S. total. Including the acres in transition in 2008, Iowa by 2010, now has 100,000 acres or more certified for organic production.

The total value of sales from organic commodities in the U.S. was reported at $3.16 billion in the Census. Sales from Wisconsin, Minnesota, Iowa and Illinois totaled $297 million or 9.4 percent of the U.S. total. States with higher value crops, such as California, Michigan and Florida reported higher sales values per acre than our states in the upper Midwest. In Iowa, total sales for crops and livestock, when averaged over certified harvested cropland and pasture averaged $871 dollars per acre.

Our cluster of states with relative high levels of organic farming may be, in part, due to Organic Valley Cooperative, a producers' marketing co-op based in LaFarge, Wisconsin. Many of us in the industry think that is may also be due to a high level of creativity and willingness to take risk among our farming population. In addition, we have had excellent support from our nonprofits organizations, state departments of agriculture, and from our land grant universities in these states.

Iowa State University has an Organic Agriculture Program that conducts research and extension outreach education for Iowa citizens. Field days, workshops, and Iowa

Organic Conference and an Iowa Communications Network (broadband service) series on organic agriculture are held throughout the year.

Our Iowa producers have been attracted to organic production systems for a number of reasons. The potential for higher average profits per acre is one, whereas some farmers find that the system better fits their worldview. Others are concerned about their personal health and find organic systems fit their goals. For smaller-scale and in some cases, beginning farmers, the search for a niche where they can compete with larger and/or more established farmers bring them to organic production. In addition, organic production systems are complex, flexible, fluid, and fascinating, so appeal to some folks who like a challenge!

The growing market for organic products in the last 20 years has provided excellent opportunities for those interested to move into this niche production and marketing arena. The addition of organic farmers to Iowa's farm landscape has increased our diversity of crops, livestock and people and has also increased our agricultural sales.

In the early stages of transition and certification, there is a 'learning curve' to master these more diverse production systems. My husband, Doug, and I often joke that the learning curve to successful organic production and marketing is long *and* steep! Weather plays a large role in the success of organic crop production, perhaps more so than with non-organic systems. Based on several long-term agro-ecological studies and, if we can interpolate from natural ecosystems, in the long term and with experienced growers, these more diverse production systems should become more stable. It is often in the early stages of an organic farm and the farmer's learning the system that the most support is needed.

Organic Provisions in the 2008 Farm Bill

Organic Research and Extension Initiative

The Organic Agriculture Research and Extension Initiative (OREI) is the USDA's largest competitive grants program focused exclusively on organic agriculture research and extension. OREI funds projects that enhance the ability of organic producers and processors to grow and market high quality organic agricultural products. The substantial increased in OREI funding from $15 million to $78 million in the last 2008 Farm Bill was a welcome development! This increase was an excellent step toward towards providing a fair share of funding for organic agriculture research. Because organic production systems are information intensive, the growth of these systems depend heavily on investments in new and innovative research and extension programs.

The OREI has a huge unmet demand even with the 2008 Farm Bill funding increase. In 2009, the program received 134 proposals totaling $98 million but could only fund 28 of them. The appointment of Dr. Mary Peet as the first ever National Program Leader at NIFA for organic agriculture has helped OREI immensely through its expansion in the 2008 Farm Bill. Thank you for this development.

In my opinion, some of the most important research findings from Iowa State University's Organic research program corroborate and support other work that has found improved soil quality in organic crop rotations compared to less diverse rotations. Where more crops are grown in succession or in diverse mixes, soil quality improves.

One of the most important aspects of research support of organic agriculture goes beyond its application for those specific organic systems as implemented today. Much of this research looks at basic insect, disease, and weed biology, investigates how complex agroecosystems function, and how crops, soils and pest interact. Research on soil biology, and the link to soil erosion control and improvement of soil quality, is critical to implementing operations and systems that contribute to sustainability. I feel that this work may have excellent application also in non-organic agriculture. Work now on cover crops, crop rotations, composting, manure management, sequential cropping, and integration of crop and livestock systems can serve both organic and non-organic agriculture in the future.

I ask that you continue funding for organic agricultural research and move toward funding that is, at the least, comparable to the 3.5 percent that organic agriculture represent in our food economy. With total USDA REE funding for organic research currently at less than 1.8 percent of total funding, that would suggest this Committee should set a goal of at least doubling the current size of the OREI flagship program in the next farm bill to do its part to help reach "fair share" funding.

National Organic Certification Cost Share Program

The National Organic Certification Cost Share Program (NOCCSP) makes financial assistance available to help defray the costs of organic certification for producers and handlers of organic products. The Agricultural Marketing Service pro-

vides funding to state departments of agriculture. Producers and handlers then need to apply to their respective states to receive cost share funds. Generally, organic certifiers are able to assist producers in applying for assistance. Producers and handlers can receive up to 75 percent of their annual certification costs up to a maximum payment of $750 per year. Recipients must be certified by a USDA accredited certifying agent under the National Organic Program.

The 2008 Farm Bill reauthorized the NOCCSP and provided an almost five-fold increase in mandatory funding for the program, from $5 million to $22 million. I have learned that this higher amount should be sufficient to cover all producer and handler requests for funding through the life of this farm bill.

I urge you to continue this small, but important, program as you reauthorize the farm bill. Annual certification costs for farmers are much higher than they were before the USDA program. The National Organic Program (NOP) is critical to the industry, and this modest cost share with farmers helps ensure it is not a barrier to participation by small and mid-scale farm operators or by beginning farmers. The $750 cap per farm helps ensure that funding will be available to more farms, regardless of scale. This program, while modest in benefit to individual farms, is a positive statement of support for diverse, organic systems.

EQIP Organic Initiative

I also want to talk about the new Organic Initiative in the Environmental Quality Incentives Program (EQIP). The 2008 Farm Bill provides up to $50 million per year for conservation assistance to farmers who are transitioning to organic production or who are already certified and want to bring additional acres or livestock into their farming operation. The EQIP funding helps the farmers to plan and implement conservation practices that can enhance the conservation performance of their farms.

A farmer can receive up to $20,000 per year, with an additional cap of $80,000 over a 6 year period. The farmer is required to develop and carry out an Organic System Plan or carry out practices consistent with an Organic System Plan. They must also be pursing an organic certification or be in compliance with their organic certification.

In 2009, the Natural Resources Conservation Service obligated $36 million for EQIP Organic Initiative contracts. In my home State of Iowa, the EQIP Organic Initiative in 2009 was initially allocated $1.4 million by NRCS but it proved so popular, that additional funding was provided to bring the total to $3.5 million for 125 farm contracts. This year, as of July 16, 2010, Iowa has 77 Organic EQIP contracts for a total of $1.4 million. Forty-eight of those are contracts on certified organic farms and 29 contacts are for farms in transition to organic production. This is a tremendous boost for resource enhancement on organic farms. Part of our success in participation in Iowa is due to our Upper Midwest nonprofit sustainable organizations that work to educate producers about the USDA program possibilities.

We, in Iowa, were pleased to see such a high demand by Iowa farmers for the Initiative. My husband and I received an Organic EQIP contract on our farm that will help us implement interior fencing and water lines and watering points to improve our managed grazing system for our beef herd. We received excellent assistance from our NRCS and FSA county staff as we processed our application.

There were challenges, however, both with this program and the organic aspects of the Conservation Stewardship Program (CSP). Before these programs, many organic producers had had little or no contact with NRCS offices and their county staff, and many NRCS staff had no or little exposure to organic agriculture and smaller-scale farms. Although there are challenges implementing any new program, the lack of understanding by USDA staff of organic systems and small, diverse farms hindered the process in the Upper Midwest.

The Subcommittee should mark as a success, however, that many new producers now have contact with and better understanding of their USDA government services and that many USDA staff have a greater understanding of organic and diversified agriculture. It is to USDA's credit to have made these moves to include more farmers in these programs. One small-scale organic vegetable and herb producer stated that, "after all these years, inclusion in USDA programs helped me feel validated about my career."

This Initiative could be made even more successful in providing conservation assistance to organic farmers and ranchers in 2011 with some administrative improvements. The following steps could help:

NRCS is working on EQIP Organic Initiative guidance for NRCS state offices and farmers, which the agency plans to issue by October 2010. Once this Guidance is released, NRCS should conduct a 3 month winter sign-up, which will give farmers

time to read through the Guidance and decide which conservation practices are best suited for their farmers.

NRCS should make information available about practices and payments in a more timely fashion, preferably at the beginning of the FY 2011 sign-up period.

NRCS should ensure that State Conservationists are standardizing their EQIP Organic Initiative web pages and keeping them up to date.

Funding in the program for education of both farmers and USDA NRCS personnel about organic and diverse operations, including those producing specialty crops, would smooth much of the confusion among participants and support personnel.

Conservation Stewardship Program (CSP)

Although the Conservation Stewardship Program was not part of the organic conversion assistance option in the 2008 Farm Bill, it is nonetheless a very important program for organic producers, including specialty crop producers. When the CSP became available, and it was clear NRCS had amended the program to an extent to take organic systems into account, we took steps to apply. We had, of course, to background ourselves about the program and the differences between the former Conservation Security Program and this new iteration.

We were awarded a CSP contract on our farm, in part as recognition for work that we had done and, in part to implement new practices. With this contract, we will be able to create shallow water habitat for wildlife, implement a comprehensive nutrient management plan, do regular pest management scouting, and use cover crops more regularly in our rotations.

We would like to express our appreciation for this program and to encourage its continuation and further fine-tuning and adjustments to ensure full recognition of the environmental benefits of sustainable and organic farming systems. Because of the inherent diversity on organic farms and our long-term planning window, these farms have great potential to further enhance wildlife populations, improve soil quality and sequester carbon, and implement long-term stable pest and nutrient management plans that should benefit the public as well as the farmer recipients. I would like to see this program in the next farm bill and over time to become a staple and centerpiece of the farm program of the future.

Specialty Crops in Iowa

The 2007 USDA Census of Agriculture enumerates 1,620 farms in Iowa producing vegetables, fruits, nuts and berries with sales of $23.7 million. Judging from the influx of new produce farms in the recent past, I would expect that number to be higher in 2010. In addition, there were 705 business nurseries, greenhouses, and Christmas tree farms with sales of 94.8 million. Even in Iowa, known for our wide expanses of corn and soybeans, specialty crops are a $1.18 billion a year business. The food crop industry in increasing in our state, evidenced by increased local food sales, new farm business start ups, increased institutional food purchases and the new food aggregation businesses started to fill the gap between producers and buyers. Many frustrations have arisen among growers and buyers, as constraints to growth continue to slow business development. With local efforts and support from USDA programs, we hope to advance the growth of the industry in the next few years.

Our Iowa Fruit and Vegetable Working Group, formed in late 2007, comes together to address current issues and projects addressing industry bottlenecks three to four times each year. Participants from both the organic and non-organic segments of the industry are working together and have identified a number of areas that are constraining both their business growth and the growth of the industry in our state. These identified needs include:

- better information and access to that information for both production and marketing;
- risk management;
- post-harvest handling—information, effective systems, costs, methods, *etc.;*
- labor availability and management;
- availability of capital;
- mechanization on small and mid-sized fruit and vegetable farms;
- aggregation of supply for wholesale and institutional markets;
- beginning produce farmers; and
- food safety.

It's clear that there is plenty of work for those of us in support and educational roles for the industry! The Working Group has initially focused our work in post-harvest handling of vegetables, improving access to information about production

and marketing, and the needs of beginning vegetable farmers. Requests and input from our participants have shifted our work right now to focus on food safety education and mechanization on small and mid-sized produce farms. We recently received a Specialty Crop Grant from the Iowa Department of Agricultural and Land Stewardship to conduct on-farm workshops about post-harvest handling of vegetables. Growers are extremely interested in improving these systems on their farms and in how to do so economically.

Specialty Crops Programs in Farm Bill

Specialty Crop Block Grant Program

Specialty Crop Block Grant Program (SCBGP) that provides grants annually to assist State Departments of Agriculture to enhance the competitiveness of specialty crops (fruits, vegetables, tree nuts, and nursery crops) has been enthusiastically used in Iowa. The mandatory funding implemented in the 2008 Farm Bill has increased the funding available for our state. In addition, the increased reliability of funding has allowed better planning by our Department of Agriculture from year-to-year for this program.

We appreciate this program, in particular, for the fact that the funds come to our state and applications are reviewed and prioritized by local experts in the fruit, vegetable, and other specialty crop industries. Our Iowa Department of Agriculture and Land Stewardship has done an excellent job of convening a review team representative of applicants for this program and funding diverse projects in outreach, education, and promotion for specialty crops. Grants have been awarded to universities, nonprofit organizations, growers' associations, farmers' marketing associations, food cooperatives, and regional food systems working groups.

In Fiscal Year 2009, Iowa was awarded $243,405 under this program and funded ten projects. These were to:

- Partner with Northeast Region Iowa State Extension, the Leopold Center, and the Northeast Iowa Food and Farm Coalition to initiate food safety research and quality assurance activities, which encompasses six counties, to expand markets for locally grown specialty crops.
- Provide marketing materials to identify and be specifically aimed at specialty crop producers who sell at farmers' markets in the branding campaign "Freshness is Our Specialty."
- Partner with Iowa Heartland Resource Conservation and Development and Drake University to expand the Greater Des Moines Buy Fresh Buy Local campaign to greatly increase emphasis on fruits, vegetables, and other specialty crops and their producers.
- Partner with Pathfinders Resource Conservation and Development, Inc. to provide a Local Food Coordinator in order to create new markets for locally grown specialty crops through networking, marketing, and active coordination between institutional buyers and regional producers.
- Partner with the Iowa State Horticultural Society to facilitate an event that provides an education opportunity for both home gardeners and professionals in all aspects of specialty crops production and to promote horticulture in Iowa.
- Partner with the Iowa Department of Education to continue to establish relationships between growers and their local communities through promoting the purchase of locally produced food in Iowan schools, strengthen the farm economy, and offer educational opportunities to improve child nutrition and health.
- Partner with the Iowa Fruit and Vegetable Growers Association to bring expert speakers to the Iowa Fruit and Vegetable Growers Conference 2010 to provide an educational opportunity for Iowa fruit and vegetable farmers to consider the many aspects of sustainability and how sustainability impacts them.
- Partner with Prairie Winds Resource Conservation & Development, Inc. to research the nutrient content, antioxidant content, and sensory characteristics of Aronia berry products including fresh juice, processed juice, freeze dried drink mix, jams, jellies, and wine.
- Partner with the Iowa Fruit and Vegetable Growers Association to develop production techniques specific to Iowa along with utilizing various cultivars in order to support an extended season for Iowa fruit growers.

Specialty Crop Research Initiative

The Specialty Crop Research Initiative (SCRI) competitive grant program funds specialty crop research and extension projects conducted by Federal agencies, na-

tional laboratories, colleges and universities, research institutions and organizations, private organizations or corporations, addressing the following broad topics:

- Plant breeding, genetics, and genomics to improve crop characteristics, including food quality and nutrient content, nutrient management, and pest management among other subtopics;
- Efforts to identify and address threats from pests and diseases, including threats to pollinators;
- Efforts to improve production efficiency, productivity, and profitability over the long term (including specialty crop policy and marketing);
- New innovations and technology, including improved mechanization and technologies that delay or inhibit ripening; or
- Methods to prevent, detect, monitor, control, and respond to potential food safety hazards in the production and processing of specialty crops, including fresh produce.

Each of these five purposes receives at least 10% of the total funding for the program to ensure that one or two purposes are not funded at the expense of all the others. Priority is given to projects that are multi-state, multi-institutional, or multidisciplinary and that includes methods to communicate results to producers and the public. Matching funds at least equivalent to the grant amount are required.

I am excited about this research initiative, but believe that the funding is inadequate to address specialty crop needs. We could easily use $6–$8 million for research in just Iowa each year to address our specialty crop needs. Additional funds can be made available through appropriations, which would be welcomed. In addition, I would encourage examination of the requirement or preference for multi-agency and multi-state projects. Although I do believe that these have great merit, some projects may best be addressed on a smaller geographic scale and a percentage of funds should be committed without these requirements.

Public Plant and Animal Breeding for Sustainable and Organic Farming Systems

We need new stress, insect, and disease resistant cultivars with greater nutrient density that are adapted to sustainable farming systems. These types of cultivars are needed, in addition to those developed by commercial companies, to fully address food needs in the U.S. and beyond. Increasing plant and animal variety and breeds with increased resilience, diversity and nutrition with site-specific adaptability will be keys to meeting these challenges.

This Committee wisely added a new priority within the Agriculture and Food Research Initiative (AFRI) for classical or conventional plant and animal breeding. I believe that publicly funded and classical breeding programs are needed for three major reasons:

1. Only classical breeding or individual selections can result in improved cultivars for certified organic systems. When I selected soybean seed for our farm for this 2010 growing season, I had only about six cultivars that fit our maturity range and could provide needed agronomic and food processing characteristics. Where the need for soybean cyst nematode resistance is also needed in some fields, my selection choices narrowed to three cultivars. We are anxiously looking forward to the RAG 1 and 2 genes for soybean aphid resistance becoming available in cultivars in our Group II maturity range. These cultivars were or are being developed in public breeding programs, such as that as Iowa State University. This scarcity of commercially available cultivars is sobering; I begin to feel as if we have too few eggs in our farming 'basket'.

2. Desirable traits for many aspects of plant health and productivity, such as rust resistance in oats, increased protein levels in wheat, and reduced food anti quality factors, such as lower erucic acid in canola are multi-gene traits. Multi-gene traits are more readily altered using classic breeding techniques, rather than by insertion of single genes.

3. Niche and crops grown on a small scale often warrant little interest among commercial plant breeding/seed companies. If private industry is not doing any breeding and there is no publicly funded breeding, the crop is at a standstill! For instance, in the U.S., there is only one publicly funded flax breeder, based at North Dakota State University. There is only one publicly funded red beet breeder in the U.S., based at the University of Wisconsin. Although these are minor crops, it would seem prudent to ensure adequate support of genetic improvement.

AFRI should support breeding programs that produce a good return on investment. That said, however, there are many minor and specialty crops that need public support for breeding if genetic improvement is to continue. The return on investment may be lower for these, but still worthwhile. Public funding should help complement breeding work that is currently done by industry and fill gaps that will otherwise not be addressed.

Risk Management Needs for Specialty Crop and Organic Farmers

Specialty Crop Farmers

In Iowa, there is no satisfactory crop insurance available for fruit and vegetables. When compared with crop insurance options for corn and soybeans growers, this seems a gross oversight and neglect of these important crops and crop producers. Although these specialty crop producers are eligible for disaster payments or the Noninsured Crop Disaster Assistance Program (NAP), growers have informed me that the compensation for losses greater that 50 percent of the yield base and 55 percent of the average wholesale market price of the their crop does not make it worth their while to even process the paperwork. In particular, where growers are selling retail and/or selling high value crops, such as certified organic, the disaster payments based on wholesale commodity prices are negligible relative to their potential lost income.

The lack of risk management products creates a double challenge for small- and medium-sized, diversified specialty crop producers. Not only is there no safety net in the event of weather, crop disease, or insect yield reductions, but lenders are wary of working with growers of non-traditional commodities if they have no guarantee of some minimum income level that allows for debt servicing. These growers, both those experienced in the industry and newcomers, are challenged to manage their risk. Most growers manage this with a combination of direct, retail, and wholesale sales and with wide crop diversity. Lack of support to manage risk discourages growers from expanding their businesses and specializing in perhaps fewer crops. This may well limit our ability as an industry to serve the growing demand for local and regional wholesale fresh and processed fruits and vegetables.

Adjusted Gross Revenue-Lite could be a good product for many of our specialty crop producers and organic farmers. The AGR-Lite whole-farm revenue protection insurance plan protects against low revenue due to unavoidable natural disasters and changes in market prices. Most farm-raised crops, animals, and animal products are eligible. This insurance product is available in 35 states, but not in Iowa nor several of our surrounding midwestern states, including Nebraska, South Dakota or Missouri.

AGR-Lite has some noted limitations, however, that indicate it is not the only risk management product likely needed by specialty crop and organic producers. Limitations that constrain participation and income protection include: (1.) the need for 5 years of Schedule F tax records to calculate an average gross income prevents participation by beginning and early stage farmers—those who may need income protection the most. (2.) AGR-Lite covers only income from crop and livestock production and marketing but not from any value-added enterprises. For example, a diversified fruit and vegetable farm would only be covered for crop production, but not for income from processed jams or apple pies. Diversified crop and livestock farms that direct market meat would be covered for production and price risk, but not for losses in their value-added meat sales.

RMA data for crop year 2009 indicates that only 423 Adjusted Gross Revenue (AGR) and 401 AGR-Lite policies were sold, out of a total of over two million policies of all types. Of that total, the three West Coast states accounted for 339 AGR policies (80 percent of the total) and Washington and Oregon accounted for 282 of the AGR-Lite policies (70 percent of the total). Clearly there is major room for improvement in these policies as well as geographic expansion.

I strongly suggest that AGR-Lite be made available in every state and every county of those states by 2012. I respectfully request that whatever is constraining the availability of this product throughout the U.S. be addressed by the Federal Crop Insurance Corporation and the Risk Management Agency. In addition, I encourage researching improvements to broaden the scope of this product.

Organic Farmers

I hope that AGR-Lite (and Adjusted Gross Revenue, AGR), can be improved so that it becomes the option that diversified fruit vegetable farmers, diversified livestock and grain farmers, direct marketers, and value-added practitioners have been looking for. In the meantime, organic farmers face two specific challenges that Congress recognized and began to address in the last farm bill. Not only are organic farmers charged a premium surcharge to purchase regular crop insurance, but they

are also paid at conventional prices in the event of a substantial crop yield reduction, rather than at higher organic prices. They face an unfair economic impact—both higher costs for sign up, and payouts at much lower than their normal prices.

In the 2008 Farm Bill, this Committee required RMA to fund a study to explore these problems with organic insurance and to find solutions. That report has been transmitted to USDA. I believe these problems can and should be addressed now. The surcharge for organic producers should be dropped and coverage based on organic prices implemented just as quickly as RMA and its sister agencies can collect the needed data.

I would also suggest to the Subcommittee that inquiries be made now about the prospects for using a portion of the $2 billion that USDA intends to re-invest from the recently completed re-negotiation of the standard reinsurance agreement to fix existing problems with AGR-Lite and with organic coverage. I cannot think of a better use for a portion of those recently-acquired funds than to start solving major current problems for specialty crop, organic growers and a wide variety of other highly diversified farming operations.

In addition, new risk management strategies and products are needed for diversified farms, including those that produce a wide variety of fruits and vegetables, diverse organic farms, farms that engage in value-added enterprises, and for beginning farmers.

The CHAIRMAN. Thank you, Dr. Smith. I was happy to give you extra time in light of your excellent testimony. I would also like to mention that a few years ago, I was thinking about raising some grass-fed cattle. I read a book to that name by an author from Iowa, from your home state, and I was amazed that he took a very intensive agriculture farm that was suffering from spending a lot of extra money in veterinary bills and other things, feed costs to raising grass-fed cattle and turned an unprofitable operation into a profitable one by actually raising less cattle but doing it in a more productive way for him. Now I am not sure that works for everyone, but it was certainly an interesting read for me and it was very instructive, and my wife and I started eating grass-fed beef and we love the flavor. So there is room in agriculture throughout this nation for all different kinds of production, and I think that is one of the things even though this Committee has the umbrella over organic, certainly other methods and we have room for everything. We can be a big-tent and accommodate many different methods of production, and I appreciate your testimony to that regard.

Dr. SMITH. Thank you.

The CHAIRMAN. We are now going to open the Committee up to questions. The chair would like to remind the Members that they will be recognized for questioning in order of arrival. I will begin the questioning. Each Member will have 5 minutes to question the panel. I anticipate we will have more than one round of questions because the number of Members here and the time we have allotted, so I will begin.

Mr. Angelucci, are there other farm bill programs that mushroom producers utilize?

Mr. ANGELUCCI. There are none. There are some of the EQIP funding that has been used by farms to enhance some of the facilities, but other than that there are no other farm bill subsidies that go to mushroom producers.

The CHAIRMAN. Okay, thank you very much.

Mr. Jones, you mentioned in your testimony that Ohio, the Ohio Produce Marketing Agreement, as I understand it, it takes a tiered approach to standards based on farm size. Could you tell the Subcommittee about that agreement?

Mr. JONES. Yes, the Ohio Produce Marketing Agreement is a grassroots effort that began in earnest about 2 years ago in response to the National Leafy Greens Marketing Agreement Proposal by Western Growers out of California. We saw that as very threatening because it was a one-size-fits-all standard that would—is proposed through USDA to envelop all producers of all sizes with one set standard. The Ohio Produce Marketing Agreement's three-tiered approach is that it involves all growers. There are no growers exempted as in the National Leafy Greens where the small direct market growers are exempted. Our effort would not exempt anyone. It is still a voluntary marketing agreement, but it allows for the producer to choose at what level they choose to enter that marketing agreement. Tier 1 would be for direct marketers. Tier 2 would be for those wholesalers who are selling to food handlers within the State of Ohio. Tier 3 would be those larger growers who are already doing third-party audits and selling across the country.

The CHAIRMAN. Okay, thank you. It is also my understanding that some of these standards track with the Leafy Greens Marketing Agreement, is that correct?

Mr. JONES. Very similar that is. There are a lot of what we try to do was to take the best of what the National Leafy Greens or the California Leafy Greens Marketing Agreement Program had. It is a wonderful program developed very quickly and was very successful in my opinion.

The CHAIRMAN. Very good. Thank you, sir. Given in Mrs. Schmidt's opening statement, and your company's shipment of products across the country could you tell us what you think about what the USDA's Know Your Farmer, Know Your Food Program?

Mr. JONES. I think it is a wonderful program. I think that it complements very strongly the local food movement in this country. Consumers are much more aware of where their food is coming from. I do question some of the contradictory programs. The National Leafy Greens Proposal within USDA is in direct contradiction to Know Your Food, Know Your Farmer because they really are not complementary of one another. It is a great program. Know Your Food, Know Your Farmer, is wonderful and supports the local food movement within the country.

The CHAIRMAN. Thank you, sir.

Mr. Kohl, I am glad to hear that the farm bill section 10201 provides assistance to better protect against pest threats and that research is also a key part of the strategy. In the farm bill we created a Specialty Crop Research Initiative so that applied research could be targeted to unique needs of specialty crops. Has the nursery industry sought funding from the Specialty Crop Research Initiative?

Mr. KOHL. To my knowledge, there has been little success with that. One of the problems is the fact that the funding is matching funding. Many of the organizations in our industry that are providing the matching funding can't commit to multi-year funding because of the way our industry works and in light of the economic situation right now.

The CHAIRMAN. Right.

Mr. KOHL. But it is something that is important though to our industry, and we continue to work on it within our own industry.

The CHAIRMAN. Let me ask a follow-up then.

Mr. KOHL. All right.

The CHAIRMAN. Has USDA consulted with you or other nursery growers to develop priorities or to help you with the Specialty Crop Research Initiative, or to try and overcome these challenges?

Mr. KOHL. I am not, I am actually not the specialist on this side of the industry, but the USDA has worked well with us as an industry, as well as our state department of agriculture has been very cooperative in trying to help us figure out how to address the threats that we see.

The CHAIRMAN. I am going to share your concerns, Mr. Kohl, with my colleague and friend, Mr. Holden, who comes from Pennsylvania. He is the Chairman of the Subcommittee with jurisdiction over that section of the farm bill and the research section so we will try and work through these issues as we go forward.

Mr. KOHL. Okay.

The CHAIRMAN. But I would like to follow-up with Mr. Richey on the same question. Maybe, sir, you can answer from your perspective.

Mr. RICHEY. Thank you, Mr. Chairman.

Over the past 3 years, Florida has submitted several requests for projects under the SCRI Program and, particularly, in partnership with California. Unfortunately, none of those have transpired in positive results and no funding has been received. We have had great success with the block grant program though *in lieu of* this lack of funding from SCRI. We have received very positive response and results again due to the joint efforts of California and Florida working together on a common invasive pest and disease that ultimately leads to the death of a citrus tree.

The CHAIRMAN. Thank you, sir. That concerns me greatly what you have said today, and it is important that the Committee focus in and hone in on these areas that don't work. This clearly seems to be one that we are going to need to adjust and modify. I have heard from some academicians the same kind of concerns that certain research is not being targeted in the areas they think are most beneficial to providing assistance to industries. So we will continue to follow-up on this since it is an area that I will definitely ask the Administration about when we have our next hearing.

Mr. RICHEY. Thank you, Mr. Chairman.

The CHAIRMAN. You are welcome.

Mr. Nicholson, there are a number of other programs, and if the Committee will indulge me, I am going to ask a couple of more questions because I think it is important to lay the groundwork for the follow on questions. There are a number of other programs that we enhanced in the 2008 Farm Bill. One of those is the Tree Assistance Program. Have you accessed funds through the TAP Program or know someone who has?

Mr. NICHOLSON. Fortunately, for us as producers and in New York we haven't had an immediate need for that. You know, my understanding now as a representative of the industry is that there certainly was an expectation that the program would have been made more immediately available since it was already an existing program. I think that is where some concern was.

The CHAIRMAN. Do you believe the program is working?

Mr. NICHOLSON. I don't have specific experience with it to comment on that.

The CHAIRMAN. Thank you. I appreciate your comments on that, especially the Specialty Crop Block Grant Program. Can you describe the process that New York State uses to determine which projects will be accepted under the State's SCBGP Program submission?

Mr. NICHOLSON. That is directed to me?

The CHAIRMAN. Yes, sir.

Mr. NICHOLSON. As you know, our experience with the block grant program in New York has most immediately been related to their Pride of New York Program, and we are very supportive of that program. For one thing, it has provided us with market expanding resources, and as I have mentioned, one of our key markets is Metro New York where we are a local producer and provider of products. It is a very expensive media market. It is a very expensive market to break into and make people aware of your existence, so it has been a very positive program for us there. You know, one thing I would comment on is just like all these other states, in New York the dire fiscal situation has left very little funding for producers so these Federal funds through the Specialty Crop Block Grant Program is really the only thing that is available to us right now. Even in the tough economic times, we have been expanding our business, and I credit these funds with helping us to really capture especially the trend towards buying local, so we are very supportive of how they have been used there.

The CHAIRMAN. Thank you, Mr. Nicholson.

I thank the Committee for its indulgence. I have many more questions, but I will let the rest of the Committee proceed. I now call Mrs. Schmidt for her time.

Mrs. SCHMIDT. Well, thank you and going along the line of block grant programs, this is for anyone else on the panel that wants to address this but I am going to start with my colleague from Ohio. Do you think that there is appropriate outreach and coordination by your respective state departments of agriculture to work with specialty crop producers and the industry when formulating Specialty Crop Block Grant proposals? Mr. Jones, I mean do you have a good relationship, is Ohio working well with you on this?

Mr. JONES. Yes, it has been, I have been involved in the Specialty Crop Block Grant Program for 4 or 5 years now. It has changed considerably, the process by which we use in Ohio. The Ohio Department of Agriculture, I would say, is making great strides in working with the specialty crop growers. The Department has formed a committee that reviews those block grant applications. I personally would like to see that committee include more growers. The committee itself is unbalanced. There are only two growers of 13 on that committee, currently. We are working with the Department to try and change that. Some of the timing references that I mentioned earlier in my testimony have a great deal to do with that. The time of the year that these grants are reviewed is at a time when most of the growers are very, very busy, so it is somewhat difficult to get the growers involved. I think that overall it is a good process and it is getting better each and every year.

Mrs. SCHMIDT. A follow-up to you, sir, is it the timing on the part of the state or is it at the Federal level that makes the state have a lack of coordination of growing season and timing for these block grants?

Mr. JONES. My understanding is it is on when the state departments of agriculture receives official word on how much funding they are going to have to use and then the RFPs go out. All the not-for-profit agencies, industry organizations, and universities in Ohio submit proposals, and then those are reviewed. Then there is the lengthy process of going through that entire process, and then going back to USDA, there is a long time between when that committee makes it's official suggestions on what projects should be funded and when official funding is received from USDA. There may be a 3 to 4 month lag time. By that time, you are through the main growing season where most of the research and projects could happen.

Mrs. SCHMIDT. Just to follow-up with you again, sir, what would be your fix on this?

Mr. JONES. My suggestion from my experience is to move it back, if it is possible to move that whole cycle of funding back a couple of months, so that those discussions with the specialty crop growers are happening during the off-season. If we were having those discussions about what projects should we fund in January, February and March *versus* April and May, it may help that whole process. Then get that funding or USDA final approval earlier in the cycle in April, May, June *versus* August and September, then we can get those projects initiated and going. Many of them are research projects that have to happen during the growing season.

Mrs. SCHMIDT. Anyone else on the panel like to comment on that question, Dr. Smith?

Dr. SMITH. Just to add to that, although growing seasons vary across the country, they are not all April to November, April to October, that if the period would blanket a growing season. In Iowa, we start September 1, and so if you are trying to do research you cannot complete it in 1 calendar year.

Mrs. SCHMIDT. Mr. Richey.

Mr. RICHEY. Thank you. I would just like to echo both Dr. Smith and Mr. Jones. I think the block grant program is an excellent program. The timing is always an issue, but it really boils down to the relationship that we have in our, in Florida, anyway, between the industry and the Commissioner, our Agriculture Commissioner and his intimate knowledge of our issues. It brings it down to a more local level. The response is quicker. Obviously, just by the nature of it, the knowledge of the issue is greater, so that relationship is key in the success of the block grants.

Mrs. SCHMIDT. Follow-up question to anyone on the panel, during the last farm bill there was a discussion about the administration of the block grant program, whether the USDA should run the program and decide which projects are funded or whether the local state departments of agriculture should continue to award the projects. Do you think that the Specialty Crop Block Grant Program should be run by the USDA at the Federal level, or in your respective states at the state level and any, yes, sir.

Mr. ANGELUCCI. Because mushrooms are Pennsylvania's largest vegetable cash crop, we have an excellent working relationship with the Pennsylvania Department of Agriculture and have always had, even prior to the Specialty Crop Block Grants. I think that throwing funds into a Federal pool would eliminate specialty crops in areas because of the lack of knowledge about that particular industry within the Federal Administration, rather than letting the individual state departments of agriculture handle those funds and appropriate those as necessary.

Mrs. SCHMIDT. Anyone else want to comment?

Mr. NICHOLSON. I would like to echo that. I think one of the most attractive things of that program is the ability to put it into our specific states. As everyone has mentioned that the uniqueness of not only different crops, but within the same crops, how we produce and market apples in New York, and it is different then how it is produced and marketed in Ohio and Washington State for that matter. I think what makes that program most attractive and effective is that it is handed to each individual state.

Mrs. SCHMIDT. I take it everyone agrees. Before I turn it back to the Chairman, so I am taking from all of you that there is an issue with the timing of the block grants, getting them to the states so that the states can get them to the growers, so that you can effectively have a good use of the knowledge that you want to gain from these block grants. I think it is from the Federal level that we have to get the money released to the states more appropriately and more quickly. Is that what I am hearing from all of you?

Thank you. I will turn it back over to you, sir.

The CHAIRMAN. Thank you, Mrs. Schmidt.

Mr. Schrader, thanks for being here today, and you now have your opportunity to question the panel at this time.

Mr. SCHRADER. Thank you very much, Mr. Chairman. I appreciate the hearing. This is an important area for folks in the Willamette Valley that I represent in the great State of Oregon.

The first question to Dr. Smith, if you will, on the cost-sharing system, how do you feel that is working for organic producers? And kind of a secondary question is how is our labeling doing? Is it protecting organic produce?

Dr. SMITH. A question of qualification, do you mean cost-share for EQIP?

Mr. SCHRADER. Well, I was referring to the sign-up system itself, getting certified.

Dr. SMITH. Oh, the support and compensation for certification.

Mr. SCHRADER. Right.

Dr. SMITH. I think that program is working well. In Iowa, that is administered through our state department of agriculture and I think that has worked well. I think that has been a very generous program. It is, the compensation is small per farm. The top cap is $750 just to help farmers defray their cost of certification, but it is a real mark and positive statement from you in support of the program. I think that is working fine, and the second question?

Mr. SCHRADER. Well, it was just about the labeling for organic produce, is that good enough to protect the brand name, if you will? There are a lot of natural. There is light. There is almost organic. I mean where are we?

Dr. SMITH. Well, the labeling issue for eco-labels in these can be very confusing, and I don't know that there is anything else you need to do with the organic label to protect it. I think growers, grower groups perhaps USDA, as well needs to continue to make clear what that means but new labels will always come along and they will be competitive. The one challenge I have heard about, and I don't have personal experience though, is any products coming from other countries, do they really adhere to the National Organic Program standards? There have been some speculation that they do not, and I would like to see a greater investigation in that. It is hard to compete even with organic grains in Iowa when we have grains coming from China if they are actually certified organic to our standards. There is nothing wrong with that. If they are not then that is something I think should be regulated.

Mr. SCHRADER. Mr. Kohl, with regard to the TAP Program, my nurseries were devastated by storms this past winter, and I have had a tough time with the economy like everybody else. But, that all together was a double whammy, and I was very concerned about comments in your testimony about FSA's requirements. Are they moving rapidly enough to change that to make sure that on produce-bearing trees and shrubs are actually protected now under TAP?

Mr. KOHL. They have made a move in that direction somewhat in that in-ground trees are included as part of that program, however a vast majority of the trees that are grown in the nursery industry are grown in containers, and they are still outside of the plants that are qualified for the program. We also found that problem with the program, the fact the Catastrophic Insurance Program for our industry has not worked, has never really worked for our industry which is a requirement of being and getting the proceeds from the TAP Program. We have recently had meetings at our state-level to discuss the crop insurance program so that it would possibly work for a nursery in conjunction with the TAP Program.

Mr. SCHRADER. Mr. Chairman, I think that is an area, if we could, we should look at in the next farm bill because it is a big sector of a lot of the states around the country that nurseries are not apparently able to take advantage of that.

The CHAIRMAN. Well, I certainly agree with you. We will work together to try and craft something that works for your area and the rest of the country.

Mr. SCHRADER. Great, thank you.

Mr. Kohl, again, you indicated, as did one of the other panelists, I think Mr. Richey, about the foreign disease issue. Are there things we can do before they even enter our ports to deal with keeping foreign pests and diseases off our shores and out of our nurseries and farms?

Mr. KOHL. Well, we need to expand and, again, it boils down to the economics of it. We need better coverage. We need better inspection at our entry points not only in traditional crops. Most of our pests that enter this country have not come here on plants. They have come here on tonnage, on pallets, on things that are not typically looked at. So, that is really the important thing because the pests that are coming in here are very damaging. You know,

the Dutch Elm disease years ago annihilated the elm stands in this country, and the Emerald Ash borer and the Sudden Oak death on the West Coast stands to do the same thing in other varieties of plants. So it is something that is highly important to our industry.

Mr. SCHRADER. Very good, thank you, I yield back my time.

The CHAIRMAN. Thank you, Mr. Schrader.

I think next up was Mrs. Lummis, she has had to go to another hearing. I would like to call on Mr. Rooney, if you have any questions, sir.

Mr. ROONEY. Thank you, Mr. Chairman, I really appreciate you letting me sit in on this Subcommittee meeting. I have learned a lot today. I want to thank the panel, and I especially want to echo the Ranking Member, Mrs. Schmidt, with her concern specifically with regard to the EPA, particularly considering the proposed New American Nutrient Standards for Florida's waters that was released in January and its assault on Florida's agriculture.

I had the opportunity to go to the EPA and meet with their Administrator with a bipartisan group of Florida Congressman and it was very frustrating especially since I kind of feel like Florida is being used as a guinea pig. But regardless, I thank you for those comments and again in my home State of Florida, agriculture is $103 billion a year industry with a large portion of it being in specialty and organic crops. Over the past several years, Florida agriculture has endured a constant barrage of pests and disease as we heard, and that threatens to cripple our industry.

I think it is very important to have Mr. Richey here today to testify and share his experiences with the Committee. He is the reason why I wanted to be here today, not only to support him and Florida, but also all Florida citrus which makes up a huge portion of Florida's Sixteenth District. I can tell the Committee also from a personal level that nobody works harder for Florida and Florida's farmers then Mr. Richey, whose reputation proceeds him and almost works too hard, some people would say. I wanted to ask you this question, just so you can illuminate and help this Committee understand the challenges that we face in Florida. Mr. Richey, can you briefly explain to us how pest and disease have affected your ability to market your product, both domestically and internationally?

Mr. RICHEY. Thank you, Congressman Rooney, and thank you for your service on the Agriculture Committee. The industry is very grateful for you, to you for that service.

I think a prime example would be after the hurricanes of 2004 and 2005, devastating our industry with the spread of citrus canker, which as I mentioned earlier is a bacterial disease spread by wind-driven rain. We had four hurricanes crisscross our state that year which basically resulted in canker, citrus canker being declared endemic in our state and the eradication program was ceased. That caused a statewide quarantine on the movement of citrus. You can imagine what that did to us, not only for domestic shipments but international shipments. My company is the largest grapefruit shipper in the State of Florida, 80 percent of which is shipped into the international arena, certainly contributing to in a positive way to our trade deficit. We were immediately embargoed from shipping to Europe. We were challenged with shipping to

Japan, which is our single largest market. We constantly have challenges with Korea for a variety of non-tariff trade barriers, but this one became another target for them to impose upon us, and Taiwan and all of, I may have mentioned all of Europe so yes, we had to work through a lot of that. We were certainly at the same time very sensitive to our cousins in California, Arizona and Texas. We agreed to not push the envelope to try to ship there because we weren't, it wasn't clear yet whether citrus canker on fruit was a true pathway to spread the disease. So we do work very closely together with our fellow citrus growing states and we agreed that threat, while it was unknown, was not worthy of the risk so it did affect us greatly.

Not only did it affect our ability to ship, which we worked through over 3 years, but it also affected our cost basis. Our typical production costs were in the range of $1,000 per acre. They increased to today over $2,200 to $2,400 an acre, and that is strictly a result of invasive pests and diseases so we have it both sides. On the economics on the revenue side was hampered due to lack of our inability to ship to all markets, and our costs on the other side went up dramatically. So it was, it did have an absolute direct, immediate, negative impact on us.

Mr. ROONEY. Thank you, sir. Mr. Chairman, my time is up, and I yield back.

The CHAIRMAN. Thank you, sir, both you and Mrs. Schmidt have indicated concern with EPA, and while that is not the direct jurisdiction of this Committee, I want to assure you that I share some of those concerns. Mr. Costa and I were just discussing the question of methyl iodide and how that, the potential restrictions on that product could devastate agriculture in California and other places around the country that rely on fumigants. There are certainly concerns about how the EPA is going about some of these things. I think it is imperative for us to discuss amongst ourselves strategies on how to engage the Administration in making sure that we base decisions on sound science and not upon conjecture. Not upon anything else. It is too important. The product, all of these different issues are too important to the industry. We want to protect, of course, human health, but it is very important that we move cautiously in these areas so that we don't devastate the industry while we are trying to protect human health. I look forward to working with both of you and the rest of the panel, as well as the Members of this Committee, and the full Committee, to ascertain what is the correct stance here. We will look into it.

We still have Mr. Owens. Please proceed with your questioning and I probably owe you a minute or 2 extra.

Mr. OWENS. Given the time and the hearing, the extra minute won't be necessary.

Mr. Nicholson, you indicated in your written testimony that you had some serious concerns about where we are on immigration reform. I would like for you to maybe give us a little bit of background in terms of the issues, even though you and I have discussed them before. I think for the benefit of the rest of your panelists and also for the Committee, what your views are on that and what you see are the solutions.

Mr. NICHOLSON. Thank you very much for that question and the time in this venue to discuss it. You know, our farm is located in the central part of New York. We are in the Finger Lakes region between Syracuse and Rochester. We rely, as most people at this table who have migrant labor, rely primarily on a migrant labor force to do the majority of the work on the farm. One of the most immediate issues we have had has not been with the current, any new legislation but really with how things have evolved in the enforcement arena. We are unfortunately located very close to the Canadian border and with that we have, there is a very strong presence of additional enforcement in our area.

What is going on in Arizona now has actually already played out in my community, on my farm, and in Geneva itself where we had police officers pulling over basically anybody who looked suspicious. And rather then asking them for drivers licenses, they were asking them for Green Cards and immigration papers, not only of drivers but of all occupants in the vehicles. Then they would hold them for 2 hours until Federal officers could come and determine the status of those individuals. And we have documented on numerous occasions where many of those individuals were properly documented and even citizens, so we got to the point there where we had gotten to the bottom of the slippery slope, as I like to put it. Absent any comprehensive program for ag labor, we see the ongoing *status quo* as being a great threat to us. And for those who are using H–2A that has been good for them, but as they have seen, as well as everybody that has had to turn to that program, have become overwhelmed and unusable, not to mention the constant changing that has occurred. So we fully support the passage of the AgJOBS Bill as an answer to that, and we certainly would encourage the consideration of that sooner rather than later. Our top priority is comprehensive reform of course but absent that, we are looking for support on the AgJOBS.

Mr. OWENS. Thank you. Does any other member of the panel want to comment on the immigration issue as to how it affects your operations? Mr. Kohl.

Mr. KOHL. Yes, we use migrant labor, always have. We have been in the H–2A Program since 1998. We have been a user of E-Verify Program since 1997. The program is, has always been difficult, a lot of red tape but we were managing with it. In the last 3 years though because of the inability to move a reform bill in Congress, there has been a lot of regulatory change within the rules. It seems like every year, you are not really sure what the rules are going to be when you are planning your year. You don't know what the wages are going to be set at because where they get them from keeps changing. It is hard to plan your business year without knowing, I mean labor is the largest single cost in our operation as it probably is in many, and not knowing what that number is really puts it at a disadvantage to plan for our year. Not only does it make that difficult, but there are many people out there that are not using this program. I promote doing things the right way.

That is what we are doing, however we are being penalized by flaws within this program. The wage right, for example, just is not the fair market wage in our area. It is much over that so it puts

us at a disadvantage to our competitors because we are trying to do the immigration thing the right way.

Mr. OWENS. Thank you.

Mr. Jones.

Mr. JONES. We also use H–2A. It is certainly not a perfect process but it is the best we have right now. We are supportive of AgJOBS. It is not perfect but it is the best alternative that we have seen to this date. I really believe that society in general in this country has a choice to make. We are either going to want safe food and domestic food safety program where we can control the food production and how safely it is done here in the U.S., or we want to build fences around the border and have true immigration reform as has been done in Arizona where we build that wall and we don't let these workers come into the country to do this work. Then we are going to ship all the production of our produce offshore where we have no control over the food safety. It really comes down to that balance. We are going to have to work very hard to get a situation that works well for both, but we are kind of creating a push for ourselves here. Which one do we want? Do we want to control the safety of our produce grown domestically, or do we want to build walls and not let anybody come in that wants to do this type of work in this country. Any one of these panel members can tell you, finding domestic workforce that wants to do this kind of work on a continual basis when it is hot and when it is raining, it is not there.

Mr. OWENS. So your suggestion is?

Mr. JONES. The suggestion is to work together collaboratively to try and come up with something like AgJOBS. We are going to have to have a guest worker, a workable guest worker program then and at the same time work on domestic food safety. We can do domestic food safety in this country. We are working down that road. It is coming together nicely. We are working with FDA and USDA to come to a workable situation where we can protect the consumers from foodborne illness, but we can't do that if we don't have a good guest worker program to grow those crops here domestically.

Mr. OWENS. Thank you very much. I yield back.

The CHAIRMAN. Thank you, Mr. Owens, I look forward to coming to your district next week.

Mr. OWENS. We look forward to having you.

The CHAIRMAN. Thanks.

I have a question for the entire panel. The first year that the block grant program was put in place, we have testimony that the program was implemented late in the year, and it was tough to get funds out in the year. I have a press release from the USDA dated January 29, 2010, where they announced the program earlier this year. My question to you all is how is that as far as a date? Is the program working better this year than it did the previous year? I want to talk about this in the context of the criticism we received from some of our urban colleagues who don't understand the program very well. They felt that the block grant funds were basically a fund for agriculture without controls. I was talking to my colleague Mrs. Schmidt about it just a few minutes ago. Flexibility is precisely what makes it effective. In the year that we have a new

outbreak of a pest, or disease, or we find out something that isn't working properly, we are able through the program's ability to augment funds in the specific area that it is needed. I would like to have you all speak very briefly about the effectiveness of the program. If you concur with my statement please let us know so that we can have that testimony to push back against our colleagues criticisms. We need that flexibility in agriculture. That you can't perfectly determine where you need to spend money when you are writing the farm bill. And second, please discuss the timing of the allocations and the process by which USDA is making these judgments, and whether or not this new current timeline works for you all. We will start with Mr. Angelucci and just work our way down the panel.

Mr. ANGELUCCI. Mr. Chairman, I agree with your statement. It is very difficult to try to determine what the next disaster is going to be as far as research and I, our industry is completely different than the rest of my colleagues here at the table. We produce mushrooms indoors in a controlled environment and we do it year round, so even though we are in agriculture, even though we are regulated by seasonal farm statutes, we can't take advantage of the H–2A Program for one thing. Our argument is our crop is 8 weeks long. We just do it 6½ times a year, but as far as the funding we spend most of our industry on food safety which is a big concern. As more regulation is mandated by FDA, it is going to be increasingly more difficult for small farms, and especially specialty crops, to be able to adhere to the regulations and ensure that those regulations are met and verified. So for our industry, in addition to doing the food safety testing, we do have other pathogens that do affect our crops. Just because we are indoors it doesn't mean we are immune from them, and some of that research funding that would be available to test for control of those pathogens will be extremely important.

The CHAIRMAN. Thank you.

Mr. Jones. We are going to have to be brief or I am not going to get all of my questions in. Mr. Jones.

Mr. JONES. I would concur with your statement. I would also concur with Mrs. Schmidt's statement that getting that money as close to the end-user, the specialty crop user, if that could be administered completely by the state departments of agriculture that would be even better, moving the timetable up so that we can maintain that fluidity and address the current problem of the time with those Federal dollars that would work very well.

The CHAIRMAN. Let me address that last point. I concur, in theory, about getting it to the states. However, it only takes a couple of mistakes on the state level to become a *60 Minutes* issue about waste and fraud with your Federal dollars. And that is why while the states recommend, the Federal Government needs to keep a little string attached. We don't want an abuse, so it is a real fine line we have to walk. We are trying to protect our reputations and make sure the projects are worthy, and at the same time letting the states determine what is the most important. I don't know what the correct balance is, but I wanted to share with the panelists what our concerns as a Committee often are as we move forward in writing these pieces of legislation.

Mr. JONES. Very close parameters from your goals and objectives, no question. We have to make sure that we are meeting your intentions as close as we can to the consumer.

The CHAIRMAN. Thank you, Mr. Jones.

Mr. Kohl.

Mr. KOHL. I don't know that I can add too much to what has already been said. The nursery industry is relatively new at making use of these Specialty Crop Block Grant Programs, and most of it has been around educational needs when something arises and like you say, you can't plan on these things. The water usage through the drought years in North Carolina was an excellent example that we used. In Pennsylvania, we did an educational piece on sustainability and maintaining a nursery in PennDOT, so it is a work order we have used but we are relatively new at doing it.

The CHAIRMAN. Thank you.

Mr. Nicholson.

Mr. NICHOLSON. I absolutely concur with the importance of the flexibility. I am not exactly aware of any issues with timing in New York for us specifically or to other apple industry members. And I did just want to clarify my response on the TAP Program earlier, the apple industry was very pleased that it has been brought in as a permanent part of the farm bill. The frustration was a little bit more with implementation timing.

The CHAIRMAN. Thank you, sir.

Mr. Platz.

Mr. PLATZ. Well, I seem to be the odd dog out of the water here. I don't even know what the block grant program is but it sounds interesting. I am going to check it out.

The CHAIRMAN. Very good, sir.

Mr. PLATZ. It seems to me that it is a way to provide some flexibility, and that is really what I am here to ask the Committee to consider is our planting flexibility and the pilot program was a good start. But, I think we are a little bit different, it seems than most of the rest of the producers here, I think that putting that pilot program could be made a lot simpler just by indicating that it applies to those growers for processing only. Most of these folks here seem to be for the most part fresh, maybe some processors, but that is what I am here to talk about is the planting flexibility in that pilot program so being I don't know much about it.

The CHAIRMAN. I have a follow-up question for you right after I ask my other two colleagues.

Mr. Richey.

Mr. RICHEY. Thank you, Mr. Chairman. Timing is an issue, earlier is better. We would like to see an enhanced block grant program due to the fact that everything that has been stated here that certainly local knowledge is probably much better, much more timely and obviously we believe more effective.

The CHAIRMAN. Thank you.

Dr. Smith.

Dr. SMITH. I concur with your statement, as well that a major advantage of the program is that it does come to the state, and we have talked about that. The flexibility, like for instance the work with food safety in Pennsylvania, this is a big need right now in Iowa and there are some big food safety research grants available.

This isn't our greatest need right here in Iowa. We need funds right now in Iowa, we need funding to do outreach and education in food safety. This is one avenue where we might be able to do that and I hope that there are others.

The CHAIRMAN. Thank you.

Mr. Platz, I know as you have said you have mentioned the Farm Flex Pilot appears to be under utilized. Do you know what the actual rate of utilization and participation is?

Mr. PLATZ. Well, I can speak on two levels. Our local county is Nicollet County, Minnesota participation in 2010 was zero. There was a producer who should have signed up for the program but for whatever reason didn't. That producer did plant vegetables on regular acres and was found in planting violations, so he will lose his DCP countercyclical and any other government payments that he would have been eligible for so that program would have benefited him. On the state level, at the State of Minnesota in 2009, 4,200 acres were used. In 2010, 4,500 and as far as national statistics, I don't know.

The CHAIRMAN. Mr. Peterson's staff is here. Chairman Peterson was one of the advocates of the program. We will take a look at and see how we can improve it, both in maintaining protections against folks using subsidized land to compete against other farmers, but also to make sure that its utilization is appropriate.

Mr. PLATZ. Well, there are some reasons why that program wasn't used very much.

The CHAIRMAN. What are they?

Mr. PLATZ. In recent years, at least in our area of the country, in 2008 and 2009 were just tremendous years for yield so supplies have grown tremendously. At the same time, everyone is aware of the difficult economy and demand is down for the product that we produce, and the processing, at least the products that we produce. So, those two things coming together have resulted in the processors reducing contracted acres for peas in 2010 by 40 percent, and sweet corn acres have been reduced by 20 percent. As it usually happens in these situations, as soon as you reduce acres, something happens. Well, this year in the Midwest, pea yield is down significantly and sweet corn yield most likely will be on my farm. We anticipate higher acres being contracted next year, and most likely a greater use of that program next year. So the program is important to us but it does need to be simplified and just make it available to those producers growing for processing only. Thank you.

The CHAIRMAN. So you have been affected by Murphy's Law, is that what you are telling us?

Mr. PLATZ. Yes, it happens in agriculture.

The CHAIRMAN. I suggest that we still have a couple of years before we actually write the bill. Please keep Mr. Peterson and myself and other Members of the Committee informed about how it is working. I think this is one of those areas that we are going to need to see the full story, especially in light of the fact that you have been affected by cyclical trends.

Mr. PLATZ. All right, thank you.

The CHAIRMAN. Thank you, sir.

Another question to you, sir, the House Education and Labor Committee as part of its work on the reauthorization of the Child Nutrition Programs has added dried frozen fruit as eligible items for use through the School Fruit and Vegetables Snack Program so long as the dried and frozen fruit do not have any added sugar. Do you agree with their actions, and do you have any suggestions regarding how the language may be improved?

Mr. PLATZ. Yes, we support that idea. I think in general the health industry has long supported adding fruits and vegetables to the diets of children, and my wife would argue that I could benefit from eating a few more fruits and vegetables as well. I think our local school districts, our kids go to the GFW School District in Winthrop, Minnesota and the cooks and the dieticians there would appreciate having that flexibility. As far as perhaps the improving the language of that, I would suggest perhaps adding the word canned fruits and vegetables as well as dried and frozen. I have personally toured the Montgomery Processing Facility and my peas and sweet corn make it from the field either to the frozen area or within the canned in 3 hours or less. We would argue that the nutrition from those products once it is in the sealed can and the frozen bag never leaves. So I would suggest adding the word frozen in addition to, or I am sorry, canned in addition to dried and frozen. Thank you.

The CHAIRMAN. Thank you for your testimony, sir.

Mr. Richey, your testimony with regard to APHIS hits home. In California, we seem always to be fighting a new invasive pest. The House Agriculture Committee was disappointed and dismayed when in previous farm bill testimony, APHIS port inspectors were transferred to the Department of Homeland Security's Custom and Border Protection mission area. As you may know, we tried to fight that transfer and weren't successful. Here is my question, can you give the Subcommittee your impression of CBP's performance to date? I am talking about everything, identification of pests, communication with industry, how they are doing. What is your take on their performance, the whole gamut?

Mr. RICHEY. Thank you, Mr. Chairman. You know, obviously we have seen what I would perceive, and the industry perceives, as a drop off in border security with the transfer of APHIS from the USDA to Homeland Security. I had the privilege of serving on the Secretary's Advisory Committee on Fruits and Vegetables and it was an item that we took up and was one of the top items that we reviewed, and one of our top recommendations was to try to successfully transfer that back to the Department of Agriculture for these types of interdictions. The record speaks for itself, I mean after 2001, we have had the introduction of several diseases in Florida, specifically. I would probably have to characterize our overall view of it as disappointing, and we would much rather have seen that stay where it was. And we would love to see consideration given to sending it back to what we believe is the proper area, because obviously if Homeland's has issues, be it terrorism, certainly, somebody bringing an orange in their bag is probably not going to be of their top concern, where it would be if it were for an ag inspector so that is our take on it, Mr. Chairman.

The CHAIRMAN. I wholeheartedly agree with you. I have another question, Mr. Richey, you spoke passionately about the threat plant diseases pose to Florida citrus. While I am glad to hear that the farm bill section 10201 provided assistance to better protect against these threats, research is also a key part of that strategy. In the farm bill, we created the Specialty Crop Research Initiative so applied research could be targeted to unique needs of specialty crops. The question is has the Florida citrus industry sought funding from the Specialty Crop Research Initiative, and has USDA consulted with you and other Florida citrus growers to develop priorities for that initiative?

Mr. RICHEY. Mr. Chairman, we have submitted, over the past 3 years, multiple requests and several of those in concert with California and have not yet received any funding. One of the things we have had to do because of that is we have had to impose a tax on ourselves, and we have created a foundation through our Department of Citrus. We have used those tax dollars and we have had to redirect that money from advertising, generic advertising of orange juice to research, which certainly has hurt our overall success in the generic marketing of our product. So, while definitely the program has its potential, we have not realized nearly the full potential of that program by any means.

The CHAIRMAN. Has USDA made you aware of results of any research that is funded through this Specialty Crop Research Initiative?

Mr. RICHEY. I wish I could answer that differently but the answer is no, sir.

The CHAIRMAN. That is very disappointing. I am going to make sure that my friend, Mr. Holden and his Subcommittee knows about this. This is a big problem. We have put a lot of dollars here that they were directed to be utilized in just these kind of cases, and I am very displeased about that and I plan to ask the Administration about that.

Dr. Smith, you look like you have a comment on that and I would be happy to let you pile on.

Dr. SMITH. In all fairness to the research community, I believe that program has been in force 2 years or 3. We are very apprehensive to put out research results after just 1 year of data because we can be wrong. Now, where there is a great need that doesn't mean to sit on it and hide it but——

The CHAIRMAN. Yes, but I don't think this is about the results. I think this is about funding the initial studies.

Dr. SMITH. Yes, that is what I was going to say as Mr. Richey said that if their need hasn't been funded in the first place. I think there is, I don't know the entire review process on that. I think the funding is modest relative to the need.

The CHAIRMAN. I agree with you.

Dr. SMITH. And I also think that forcing researchers into a multistate, multi-organization, multi-everything sometimes constrains the application process. You are so busy managing people and will you do this little piece, and will you do that little piece. Sometimes it actually can constrain getting the research done.

The CHAIRMAN. Okay, whatever is constraining the problem, we have to fix it. I see in the citrus industry, in particular, but there

are a lot of industries that we are going to have to review how well this program is meeting their needs. I saw the devastation with the glassy-winged sharpshooter in the grape industry in the Temecula region in southern California. I know that it remains a problem. We now have the light brown apple moth affecting and invading my area of California. I am not particularly pleased with the progress we are making on some of these pests and some of the research. We have ongoing research with pollinators and the problems that they seem to be facing, and the increased cost that farmers are paying for bees and pollination. We are going to have to do something about this. That is something that this Committee is going to focus on mightily.

Dr. SMITH. I would like to please request and encourage you also to think about that these issues are long term systemic issues. They are not going to be solved in 1 or 2 years of research, and that is the challenge for the way we function here is looking at long term research. But, when you look at pests and their complex biology and the numbers of ways we might address them, we need some long term focus.

The CHAIRMAN. I agree, I pushed very hard for more research dollars in the farm bill, and it is probably one of the biggest areas of failure that I personally felt was that we could have done more. There were many needs and some things got left behind, and I think that long term research is one of those things.

Before I close the hearing, I have one final question and we have gone over a few minutes already from the allotted time. Dr. Smith, you addressed crop and revenue insurance problems in your testimony. As you work with specialty crop farmers in Iowa through your work with the extension, how often does the insurance issue come up? Do you have any sense of its priority on the list of what these farmers identify as their major problems and barriers? And finally, in your view, is this problem specific to the fruit and vegetable producers, or do other types of diversified operations have similar issues?

Dr. SMITH. For our Iowa growers most are small to mid-scale. It does not come up as their top priority, the reason I believe it does not is they don't even know that it might be possible for them to get crop insurance. It isn't there at all. We do have access to the NAP Program, the catastrophic coverage and it is not at all adequate. We have had a few apple growers apply in Iowa where that may no longer apply. It is so off the radar for our growers. Right now, those small-scale growers and mid-scale growers manage their risk by ranging a wide diversity, growing a wide diversity of crops, by engaging as much retail sales as possible through community-supported agriculture and farmers market, as well as their wholesale sales. It is a need to the growth in our industry. What I see is we are constraining these growers to this kind of small-scale size, and if we do that, we are not going to be able to fulfill our need for local food that we see grown and not to insult the growers, I don't. They don't know what they don't know about potential for some risk management products that other states have access to. In addition to our fruit and vegetable growers, again our organic growers are not fully covered. As grain producers we do have access to crop insurance. We do purchase that every year, but it

doesn't come close. We can't buy the level of coverage that matches the value of our crop. We would love to have some other options.

The CHAIRMAN. The Chairman is very concerned about all this. With regard to our Committee as the organic sector expands into Iowa, are you aware of any efforts to track organic prices because as you know, organic farmers face particular problems with respect to insurance. One problem of course, is with basic insurance payouts because of the lack of pricing data, and each region of the country are different. Production volume of each farmer traditionally is different, and customs and practices in each region can vary depending on weather and climate and soil. So how do we structure that kind of a program?

Dr. SMITH. Well, the Agricultural Marketing Service is collecting some organic grain prices and are reporting those now on a biweekly, every 2 week basis, and that has been very beneficial. We check those very carefully in our operation as we do marketing. I think for diverse operations, revenue insurance products are probably better options than trying to insure each individual vegetable crop or organic grain crop in Iowa. To collect the actuary of data needed would be just a tremendous job, whereas if we did work with revenue insurance programs, then we are looking at the whole income of the farm, so revenue insurance is capturing of course production levels, price levels. Right now, AGR-Lite that I mentioned doesn't cover income from value-added products, so if we have a diverse farm that is doing some processing, those vats are not covered. So that is the way that I think would be a better approach to addressing those needs in the near future than looking at collecting yield and price data on every single vegetable crop. There are a lot of vegetable crops in Iowa, just not a lot of each one.

The CHAIRMAN. Thank you very much.

Before we adjourn, I would invite the Ranking Member to make any closing remarks that she would wish to make.

Mrs. SCHMIDT. Thank you. I want to thank you all for coming here today and sharing your testimony with us. As we move forward with the next farm bill, I ask you to go back into your local communities and get very, very active with your local farmers. Specialty crops, especially organic production is a growing industry. My own daughter who is 30+ years old, that is all that she and her husband provide for their family are organic foods. I am of a different generation and I mix with value and price, but they don't look at price. They look at what they believe is the best product for their families, but the organic voice in farming has always been a small voice. I think you need to rise that, raise it up especially in this next farm bill and don't just look at Members of this Committee, look at other Members in your own states and talk to them about your issues with agriculture. Talk to them about your issues with the EPA, or with the new water program that could devastate your farming communities. Talk to them in very simple but real terms because we are all policymakers here, and while we have a very limited scope with the EPA, basically just with pesticides, there are other committees that have a wider scope with the EPA on other issues and just stay in contact with your local Congressperson, your Senators and make your voices heard.

The CHAIRMAN. Thank you, Mrs. Schmidt.

I want to thank you all for being here. Your testimony was helpful and enlightening and articulate. I appreciate you all being here and traveling to Washington to be with us, and taking time especially as you approach harvest season to be here.

Under the rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional material and supplementary written responses from the witnesses to any question posed by a Member. This hearing of the Subcommittee on Horticulture and Organic Agriculture is hereby adjourned.

[Whereupon, at 12:18 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED STATEMENT BY MICHAEL WOOTTON, SENIOR VICE PRESIDENT, SUNKIST GROWERS

Thank you, Chairman Cardoza, and Ranking Member Schmidt for scheduling this Subcommittee hearing to review specialty crop and organic agriculture programs in advance of the 2012 Farm Bill reauthorization.

Sunkist Growers is a 117 year old marketing cooperative, owned by 4,000 family citrus producers in California and Arizona. The production, marketing and processing of our citrus supports employment for thousands of people and generates over $850 million in total annual revenue. More than ¾ of which is paid to our grower-owners.

Given that 26% of our fresh fruit sales are generated through exports, Sunkist is strongly supportive of USDA's Market Access Program (MAP). That WTO green box program has enabled our cooperative to develop and maintain vital overseas markets for our American-grown fresh citrus for many years. MAP helps in some measure to counter significant foreign government subsidies of competing citrus products in those markets and helps to level the playing field for U.S. exports.

MAP is an effective pubic-private partnership that increases American agricultural exports. The USDA's recent (March 2010) economic assessment by IHS Global Insight of the effectiveness of MAP indicates the U.S. receives a 35:1 return on investment, including an average annual increase in U.S. farm receipts of $4.4 billion.

Given this evaluation, and the Administration's announced policy goal to double U.S. exports via the National Export Initiative over the next 5 years, we strongly urge the Committee to consider increasing the funding for the Market Access Program. The success of this program throughout the last decade validates the wisdom of Congressional support and funding.

Additionally, we urge that consideration be given to strengthening the resources devoted to the Technical Assistance for Specialty Crops (TASC) program that is also administered by the Foreign Agricultural Service. This program is distinctly different from the Market Access Program, in that it seeks to remedy technical barriers to trade for U.S. specialty crops' access to foreign markets. Its relatively modest level of mandatory spending, $9 million for FY 2011 and FY 2012, is not sufficient to meet the demands of a host of technical issues that now hinder access to valuable overseas markets for our agricultural commodities.

Past funding cycles have allowed TASC to support a variety of programs including; the creation and maintenance of a Maximum Residue Level database for the U.S. and Canada, research related to the reduction of bean thrips on navel oranges shipped to Australia and the establishment of an Internet tracking system for pests by the California Department of Food and Agriculture. Success of the TASC program is derived from its historic features of dexterity, quick response and timely action to ensure the flow of American products into key markets.

Sunkist's production areas are located in California and Arizona. As western border states they are at high risk for exotic pest and disease introduction. Indeed Sunkist's growers are contending with a variety of destructive sanitary and phytosanitary issues as a result of the large urban populations in these states, the international air, sea and land ports of entry and the mild year round climate that can support these exotic pests and diseases.

It is, therefore, essential that APHIS and U.S. Customs and Border Protection be provided with the necessary resources to identify the pathways for emerging pest and disease threats and then interdict them upon attempted entry into the U.S. The funding provided under Section 10201 of the farm bill is an excellent first step in that process. For example, a number of projects are dedicated to researching threats to citrus production such a *Huanglongbing* (HLB) disease aka citrus greening. Other projects aim to enhance domestic inspection, such as training additional dog teams. These types of projects, when properly implemented, provide an prudent investment by the Federal Government, as their costs are significantly lower than the resource demands required to confront a full-blown pest or disease outbreak.

The Section 10201 funding is properly targeted to high risk sentinel states. Future enhancements to the program should not undermine this focus. States like California, Arizona, Texas and Florida should receive a significant portion of this funding due to their higher vulnerability as the likely entry point for exotic pests and diseases.

APHIS has engaged in an excellent program of stakeholder outreach and involvement in setting priorities for the Section 10201 program. Those benchmarks are established well in advance of the annual review process and serve to guide those local, state, Federal and industry evaluators during their individual and group processes.

In contrast, the Specialty Crop Research Initiative does not appear to have operated in such a transparent process. Though the intent of that program is important and can have great value, its track record to date can be improved. For example, all requests for research funding targeting the destructive *Huanglongbing* disease have been rejected during SCRI evaluations. These rejections appear to have been largely technical in nature, but miss the larger point of addressing real world priority issues that can provide magnified impact for the government investment in research.

It may be well worth the Committee's time to review and further guide the process surrounding SCRI in order to ensure that the Federal Government's investment in this program is being properly leveraged.

Chairman Cardoza and Ranking Member Schmidt, thank you again for allowing Sunkist Growers to comment on some of these important topics as you begin the Committee's work to reauthorize the farm bill. Sunkist Growers appreciates your commitment to the ongoing success of the citrus industry and the specialty crop industry in general. We look forward to working with you in the months ahead on crafting relevant Farm Bill provisions.

MICHAEL WOOTTON,
Senior Vice President,
Sunkist Growers.

SUPPLEMENTARY MATERIAL SUBMITTED BY MARK NICHOLSON, EXECUTIVE VICE PRESIDENT AND PART OWNER, RED JACKET ORCHARDS; MEMBER, BOARD OF DIRECTORS, U.S. APPLE ASSOCIATION

Fruit & Vegetable Program

I would like to take this opportunity to expand on my testimony regarding the fruit and vegetable program. This U.S. apple industry has been working in support of this innovative program since it started as a pilot in the 2002 Farm Bill. The expansion of the program to all 50 states was a top priority for our industry in the 2008 Farm Bill. The program is designed to expose low-income children to *fresh* fruits and vegetables and it has been a win-win for the apple industry and the students who receive the snack. For many of these students, the fruit and vegetable program is their only opportunity to eat fresh fruits and vegetables. I understand that there are now efforts underway to expand the program beyond fresh produce to include dried, frozen, and perhaps even processed products. I strongly encourage the Committee to protect the integrity of the program and allow it to continue as a "fresh" only program. There are a number of other programs for dried, frozen and processed foods and the apple industry strongly supports those programs as well.

Section 32 Purchases

Also, in the area of Federal nutrition programs, I would like to address the changes that were made to the Section 32 program in the last farm bill. The spending cap placed on Section 32 purchases of commodities resulted in a substantial reduction of funds available for purchasing commodities. This came at the worst possible time for the apple industry—particularly those growing for the processed market—as the industry faced extremely low prices last year. Though USDA agreed that an apple purchase was needed they were not able to act in a timely fashion due to a lack of available funds. The purchases that were eventually made helped the industry but did not have the same impact that they would have if the Department had been able to act when the request was initially made.

Another related problem with the 2008 Farm Bill is the elimination of the ability of the USDA to carry forward any unexpended funds. The elimination of carry over significantly reduces the flexibility of the USDA to manage commodity purchasing.

The reduction in Section 32 funds has also meant that the fresh sliced apple pilot has not been further expanded. This program was very popular with schools as many wanted to purchase fresh slices but did not have the funds to do so in their budgets. Fresh sliced apples are great for kids that have braces or for students on the go. Studies have shown that students consume more of the apple when it is offered sliced and ready to eat.

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